THE

Baltimore Underwriter.

A SEMI-MONTHLY JOURNAL

DEVOTED TO

THE INTERESTS OF INSURANCE IN ALL ITS BRANCHES.

VOL. LX.

JULY-DECEMBER, 1898.

JAMES H. McCLELLAN,
PUBLISHER,
No. 6 South Street,
BALTIMORE.

INDEX

MISCELLANEOUS.

COMPANIES.

THE CHAPTER OF CRIME.

PASSING COMMENT.

LOCAL MATTERS.

NEW PUBLICATIONS.

FOREIGN ITEMS.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, JULY 5, 1898.

THE founder, and for thirty-three years editor of this journal, has withdrawn from active service in the editorial chair to take an unlimited vacation, leaving to the undersigned the responsibility for the course and character of the paper during an indefinite absence.

There may be those among the readers of the BALTIMORE UNDERWRITER, some for the whole period of its career, and others for shorter terms, who, recalling its characteristics in the line of clear thought and forcible expression, of well-balanced judgment and impartial criticism, of ready helpfulness to honest effort and plainly manifested contempt for sham and counterfeit, as well as stern rebuke of incompetency and mismanagement, will feel that while journalism is presumably impersonal, an evident and vigorous personality has disappeared from these pages.

More than twenty years of association with the editor has not been without its impressive lessons and its encouragement to the undersigned, and in the future management of this journal it will be his purpose and his endeavor to maintain its high standard, to satisfy its readers that its force will not be abated, and to show that as chronicler and commentator its vigor will not be impaired.

In the past thirty-three years the best part of the history of underwriting has been made. In the later developments and branchings of the insurance system, it has been so inwrought with the life and action and material interests of the people that a faithful record of its progress in the coming years will be of the utmost importance. In contributing the share which these pages owe to this record, the undersigned cannot expect to escape the errors that in one way or another creep in, but he trusts that he will prove a loyal sentinel on the watch-towers.

The readers whom the master-spirit has so long attracted to the editorial columns of the UNDERWRITER will no doubt unite with the undersigned in extending their best wishes to him for health and contentment in his prolonged absence.

JAMES H. MCCLELLAN, *Publisher.*

THE annual meeting of the National Convention of Mutual Life Underwriters will take place at the Grand Hotel, Mackinac Island, Michigan, from July 12th to 15th.

THE first annual reception of the Woman's Department of the Mutual Life Insurance Company of New York was held in Central Music Hall, Chicago, June 18th.

THE Washington *Star* says:

The local agent of a life insurance company who had written a $10,000 policy on the life of Lieutenant Hobson, the hero of Santiago, recently received a request from Lieutenant Hobson for a permit to engage in war service without invalidating the policy, according to the rules of the company.

The permit was issued, and it has since been found that the date of the letter corresponded with the date of Lieutenant Hobson's daring exploit. If he had been killed in the attempt his father would have received $10,000.

THAT "Anglo-American Solidarity," upon which *The Review* (N. Y.), June 9th, has a most excellent article, found its corner-stone in insurance. The great English fire insurance companies were the pioneers in the "solidarity" and have done much to bring the people of the two countries to realize and understand the mutual interdependence that ought to exist between them. Some of these great companies have an American record of more than a half century, others have been a shorter time among us, but all have won the respect and confidence of the people by the fairness, justness and promptness of their business methods. These companies in their home offices and American branches illustrate that unity in whatever constitutes national characteristics, in industrial and commercial genius, in moral aspirations, in intellectual ideas and in their conceptions of international fairness and honor; and these companies have shown both people how to "stand together upon such issues as are now raised" or may hereafter arise between either government and any other nation.

It is a singular fact that Cuba played an important part in the conditions which in 1823 induced Mr. Canning to intimate the first expression of a desire for an Anglo-American alliance, and now in 1898, Cuba again brings that alliance almost to a reality. It was in Mr. Jefferson's letter to President Monroe in 1823, on Mr. Canning's proposition for an alliance against the Holy Alliance, that the old sage of Monticello said, "Cuba would fill the measure of our national well-being." And that "Great Britain is the nation that can do us the most harm of any one or all, on earth; and with her on our side, we need not fear the whole world—with her then we should most sedulously cherish a cordial friendship, and nothing would tend more to knit our affections than to be fighting once more, side by side, in the same cause." Great Britain's insurance companies were the pioneers of the Anglo-American alliance, and to-day many Americans sing with Bryant—

> "Oh! mother of a mighty race,
> Yet lovely in thy youthful grace.
> The elder dames, thy haughty peers,
> Admire and hate thy blooming years."

WHETHER American life insurance in foreign countries will be helped or hindered by the result of the existing war depends largely upon how the war ends.

If the United States closes the war with its flag in triumph over Cuba, Porto Rico and the Philippine Islands, and if Spanish perverseness shall compel this country to seize the Canaries, the Carolines, Ladrones and Pellew Islands, then the success of the country in war will extend its commerce to all these island possessions, and their twelve millions of people will be that many more customers for the productions of these States.

Insurance will find new fields there for all its branches, where none shall make it afraid while the flag floats over it. As for the mortality being greater in foreign countries than in the United States, we do not credit it; moreover, mortality has never hurt an American life insurance company. It was live men, not dead ones, that wrecked American life companies.

We do not agree with those of our contemporaries who anticipate a decline of life insurance in American companies in France, Italy, and Austro-Hungary, because of this war. In Spain, of course, there may be a falling off, because the people will be too impoverished to pay premiums. But elsewhere, our success in arms will not fail to impress the people of every nation that the United States and its institutions, life insurance included, are permanent, reliable and safe, either for investment or indemnity, and that the savings entrusted to the corporations of this country will make larger returns than in financial institutions of less favored nations.

Nothing succeeds like success, which extends its moral and financial influence over not only the government, but to its people and their corporations, and attracts alike Frenchman, Russian and Austrian, as it already has drawn to our side John Bull, notwithstanding his insular indifference in the past. We agree with *The Standard* that "international insurance is quite as desirable as international commerce," and it will come from the same causes—energy, enterprise and opportunity.

This war, brought to a successful termination, will enlarge the field of American underwriting, just as it will extend all the operations of commerce. The day when a "pent-up Utica" could circumscribe American enterprise passed away with the sound of Dewey's guns in the distant Pacific. Let American underwriting follow the flag and reap the benefits of a wider area of premiums, which is the best and only security against overwhelming losses.

IN the *Oriental* President Whiting gives as his opinion against reinsurance in foreign companies, that "there is nothing left but to have a law passed in each State prohibiting, under penalty of expulsion, the effecting of reinsurance in any company not admitted to do business in the State," for he thinks it "only fair that companies which pay taxes and licenses in any State should have a chance at the business rather than that some companies should write double, and often five or six times, the lines they will carry in order to fatten some Swiss or Austrian companies that have never come to this country, and of which few know little or nothing."

Our very high respect for President Whiting's opinion on insurance subjects makes us rather cautious in dissenting from his proposal that insurance companies should seek relief in new State legislation. Better bear the ills we have than fly to others that we know not of. Who can fix the limit of State legislation when once more invited by the companies to assume the role of protection? Under State supervision one State in this Union is as foreign to another State as "Swiss or Austrian" is to the States; the barriers are as high against the States as against the nations, and the "comity" of intercourse in insurance is no greater for the companies on the outside, whether from "other States" or European nations.

THE BALTIMORE UNDERWRITER voices the sentiment of all insurance corporations when we express our gratification with the course of the distinguished Senator from Maryland, Mr. Gorman, for defeating the corporation tax amendment of the finance committee.

The omission of all insurance corporations from taxation was probably because their business, more than any other, rested exclusively on a risk which any morning may prove to be a conflagration or other disaster that wipes out of existence the whole plant, like those conflagrations of Chicago, Boston and Portland, where a hundred millions of dollars were reduced to ashes without even a decent modicum of salvage. Whatever political prejudice may allege against the public course of Senator Gorman, no man can successfully deny that he has brought to the discussion of this question a measure of business sense and discretion which will save corporate interests from material injury.

LIFE INSURANCE AND WAR.

Every man and every corporation is, in judgment of law, a party to the acts of the Government to which he or the corporation belongs, and a war between two countries is a war between all the individuals and corporations of each country. Government is the representative of the will of all the people, and acts for the whole society. This is the theory of all governments; and the best writers on the law of nations concur in the doctrine that when the sovereign of a State declares war against another sovereign, it implies that the whole nation declares war, and that all the subjects of the one are enemies to all the subjects of the other. It is not surprising, therefore, to hear that the United States secret service has instituted a rigid investigation into an alleged shipment of coal from Philadelphia to Spanish agents. This investigation may have been begun because coal is contraband of war, but intercourse of every kind with the enemy is as equally illegal as the shipment of coal. It follows as a necessary consequence of the doctrine of the illegality of all intercourse or traffic, that all contracts with the enemy, made during war, are utterly void. "The insurance of enemy's property is an illegal contract, because it is a species of trade and intercourse with the enemy. The drawing of a bill of exchange, by an alien enemy, on a subject of the adverse country, is an illegal and void contract, because it is a communication and contract. The purchase of bills on the enemy's country, or the remission or deposit of funds there, is a dangerous and illegal contract, because it may be cherishing and relieving the wants of the enemy. The remission of money or bills, to subjects of the enemy, is unlawful. The inhibition reaches to every communication, direct or circuitous. All endeavors at trade with the enemy, by the intervention of third parties, or by partnerships, have equally failed, and no artifice has succeeded to legalize the trade, without the express permission of the Government."

These elementary principles of the laws of war are too well understood by the presidents and directors of the Equitable and New York Life Insurance Companies for any one to suppose that these American companies are lending "aid and comfort" to the enemy of their country by continuing to insure the lives of Spaniards or to pay the policies heretofore issued in Spain during the continuance of war. The business must have ceased when war began, and existing policies must be held in abeyance until the treaty of peace between the two countries takes effect. "There cannot exist a war for arms, and a peace for commerce"; a war with Spain all over the world, and the payment of life insurance policies by American corporations to the subjects of the King of Spain. One of the immediate and important consequences of the declaration of war is the absolute interruption and interdiction of all commercial correspondence, intercourse and dealing between the subjects of the two countries. The idea that any commercial intercourse, or pacific dealing, can lawfully subsist between the people of the powers at war, except under the clear and express sanction of the Government, and under a special license, is utterly inconsistent with the new class of duties growing out of a state of war. Hence we do not believe that these two great American life insurance companies are violating the established doctrine of the illegality of intercourse between the United States and Spain during war.

The circular "Under Two Flags," issued by the *Insurance Observer*, and scattered broadcast over the tables of the Senate and House, at Washington, was the work of some "fine Italian hand" of a rival in business, and has been treated with the contempt it deserved by President McCall.

EUGENE MOORE, ex-State Auditor of Nebraska, having defaulted for moneys received from insurance companies for license to do business in that State, and the treasury thereof being in an impecunious condition, the attorney-general of that State has devised a new scheme to replenish the empty exchequer of Nebraska. The scheme is neither more nor less than to make the insurance companies pay again. To that end the attorney-general has instituted a suit against the Home Insurance Company of New York, for the moderate amount of $272, as a "feeler" for the larger sum of $23,000 already paid by insurance companies and duly stolen from the State by its late auditor. If the defendant was an individual there would be no doubt about his defeating the absurd claim, but as the defendant is an insurance corporation, the Lord only knows (if he does) what the outcome will be. Upon what ground the companies can be liable to the State it is difficult to imagine. The fees were paid to the legally appointed officer of the State, and the license to do business was the receipt for the payment. It never was contemplated that a fire or life insurance company was to guarantee the honesty of the State's officers. And yet that would seem to be the ground for this action at law. If the companies are made to pay again, hereafter it will be advisable for their agents when paying for licenses to act together, and taking the auditor by the throat, choke him to the State's treasury and squeeze him until he drops the funds into the strong boxes, and there stand guard over the Safe Deposit until an appropriation takes the money out. Nothing short of extreme measures will be safe in future if the suit goes against The Home.

THE Bluff City Insurance Company, of Memphis, has found the insurance business to be a "hard road to travel." With assets amounting to $119,897, including its capital of $100,000, its liabilities were only $7834. This looks fair, but its last year's income of $21,700 was met by disbursements of $32,400. Among the latter we find the State's charge for the privilege of doing business set at "taxes $2411"; any one fond of figuring percentages can exercise his mathematics in finding in this an interesting problem both the "burning ratio" and the "taxing ratio."

LET Secretary Gage keep a bright look out for that subscription of $50,000,000 for the new bonds, promised by "Secretary R. D. Brauner, of Covington, Ky., of the National Association of Fire Insurance Agents." That association is said to number "more than 30,000 members," and that there "are in the country 165,000 more agents"—together 195,000—or about $205.13 each. Quite possible! and brings the loan clearly within the reach of "common people," as the evident intent and purpose of the framers of the law was to encourage popular subscription.

WE are glad to see that insurance companies have waked up to the realization that the XIV Amendment of the Federal Constitution has a protection for them as well as for any other citizens. The Travelers Insurance Company has invoked that amendment in the suit of the State of Connecticut against the company to collect taxes on the stock held by non-residents. The company lost its case on the first trial by failing to show that the non-resident stockholders were citizens of the United States. The granting of a new trial, on that defect, is encouraging to the company that its contention is not wholly defective.

Local Matters.

On June 8th, Mr. Hock, in the Second Branch of City Council, offered a resolution to repeal Sections 53 and 54 of Article 20 of the Code of 1893, which prohibits the sale of, and forbids the use of fireworks on the 4th of July. The resolution was passed under a suspension of rules, without even a reference to a committee. The resolution was then carried to the First Branch, where President Eccles perceived the snake in the bill. But while as a patriotic citizen he did not wish to take any chances as to numerous fires on that holiday, he placed the bill in his desk, and there it remains, and the Council has adjourned for the summer. The resolution of Mr. Hock is as follows :

An ordinance to suspend the operation of Sections 53 and 54 of Article 20 of the Baltimore City Code, 1893, between the hours of six in the morning and twelve in the evening of the fourth day of July, 1898.

Be it ordained by the Mayor and City Council of Baltimore that it shall be lawful between the hours of six in the morning and twelve in the evening of the fourth day of July, 1898, for any person to do, within the city limits of Baltimore City, any of the acts prohibited by Sections 53 and 54 of Article 20 of the Baltimore City Code of 1893.

The fire insurance representatives, always on the alert, presented the following resolution to President Eccles, which was numerously signed by officers of our local companies and by agents of other-state and foreign companies :

Baltimore, Md., *June* 15, 1898.

To the Honorable the Mayor and City Council of Baltimore :

The undersigned, actively engaged in, and representatives of the business of Fire Insurance in this city, are advised that there is under consideration by your honorable body an ordinance permitting the indiscriminate use of fireworks and other dangerous explosives within the city limits on the Fourth of July next ; and desire to submit this protest against legislation fraught with such manifest and manifold hazards to the lives and property of the citizens, and involving certain and incalculable injury to the large class of Fire Underwriters, as well as to the property holders.

With all due appreciation of, and allowance for popular and patriotic enthusiasm in the existing crisis, and ready personally to encourage and participate in it, we do most earnestly urge our claim for protection against the inevitable consequence of such a hazardous experiment.

In this connection we would refer to the communication recently addressed to you by the Fire Commissioners, giving the statistics resulting from the loose enforcement of the prohibitory ordinances, and calling special attention to the exhaustive strain upon the resources of the Fire Department in case these ordinances be relaxed or suspended.

Entertaining every confidence that a proper consideration of the subject will induce you to approve a more rigid enforcement of the present ordinances of prohibition, rather than to furnish occasion for a disastrous page in the city's history of the glorious anniversary.

The Fidelity and Deposit Company, of Baltimore, has paid the amount of its bond of $100,000 on acccount of the defalcation of City Treasurer Widber, of San Francisco. With one exception, this is the largest bond paid by any of the Fidelity Companies, that by the Fidelity and Casualty, of New York, some years ago, in which the amount paid was about $113,000 during the presidency of Mr. Richards.

The Helvetia Swiss Fire Insurance Company, of St. Gall, Switzerland, has complied with the laws of Maryland, and appointed Messrs. Cunningham, Coale & Co., and Messrs. Stevenson & Garland as dual agents.

Mr. Gilbert R. Walter has been appointed general agent for the Ordinary Department of the Prudential Insurance Company, of America, for this State, and has taken offices in the Builders' Exchange, Charles and Lexington streets.

The North British and Mercantile Fire Insurance Company of New York has complied with the law of Maryland and appointed Messrs. J. H. Katzenberger & Son as agents. This enterprising office is doing a good business for the companies in its charge.

The Firemen's Insurance Company, of Baltimore, has declared a semi-annual dividend of four per cent.

The Peabody Fire Insurance Company, of Baltimore, has declared a semi-annual dividend of five per cent.

The case of the executors of the estate of William R. Percy against the Fidelity Mutual Life Association of Philadelphia has been on trial in the United States Circuit Court. It will be remembered that on the night of May 26th, 1897, Percy was drowned in the Chesapeake and Ohio Canal, on his farm, near Oldtown, about ten miles from Cumberland. It is claimed that his death was caused by the horse he was riding throwing him into the canal, and the coroner's jury found that it was accidental. At the time of his death he had policies aggregating $215,000 on his life, all of which, it is said, have been paid by the companies except the one on which the suit was brought. It is contended by the defendant company that Mr. Percy made false statements in his application for insurance, and that, being hopelessly insolvent, he conceived the idea of taking out a large life insurance and then committing suicide. His object, it is claimed, was to realize enough to pay his debts and make good the trust estates in which he was short. These allegations are denied by Percy's relatives. Percy was fifty-five years old at the time of his death.

The case of the I. H. Mohlman Company *v.* the Firemen's Insurance Company of Baltimore, in the United States Circuit Court for New York, is reported in the daily press, to have been decided against the company, with a verdict for $4,489.39. The facts of the case as reported in the papers seem to involve the very nice point as to whether the fire resulted from the fall of the building, or the fall of the building was the result of the fire. On such a point one may always count on a jury going against an insurance company. The papers report that :

"The five-story building of the Mohlman Company, at Franklin and North Moore streets, was destoyed by fire on April 29, 1895. The insurance companies claimed that it collapsed as a result of the weight on the floors and caught fire afterward, and refused to pay the policies on that ground. The Mohlman Company claimed that the building caught fire before it collapsed, and the jury, after hearing the evidence in the case, coincided with this view. There are ten suits in the United States Circuit Court brought by the Mohlman Company against insurance companies in the United States and other countries, the total amount sued for amounting to $120,000. The Mohlman Company won one suit about a year ago against the Western Assurance Company of Canada. On the trial of another suit the jury disagreed. This encouraged the insurance companies, and the suit just finished was hotly contested. Joseph H. Choate and Treadwell Cleveland appeared for the plaintiffs and Naman & Cardozo for the insurance company."

TAX DEPARTMENT BLANKS.

Personal Property.

QUESTION 7 AND ANSWER.

Messrs. M. Meyerdirck, M. L. Hewes, Chas. H. Koppelman, Committee.

Gentlemen : In view of the prevailing custom among fire insurance companies to issue policies which include furniture, wearing apparel, bedding, family stores, fuel and household effects of every description without requiring the value to be placed on each separately, and the consequent difficulty in answering the question properly, the Appeal Tax Court of Baltimore City hereby notifies the public that the assessors are instructed not to press the taxpayers into stating the amount of insurance they have placed on household furniture and other effects contained in their dwellings in making up their assessment blanks.

Taxpayers are informed, however, that the amount of insurance carried on stocks of merchandise must be stated in filling out the assessment blanks.

Very truly yours,

John F. Langhamer,
Andrew W. Bostwick,
Edward De Lacour,
Judges of the Appeal Tax Court.

The Maryland Casualty Company of this city commenced business March 1, 1898. An examination of its financial condition by the Insurance Department of Maryland, as of June 1, 1898, has brought out the following statement :

ASSETS.

Loans on collateral (fully secured)		$ 8,000 00
Baltimore City stock		246,845 75
United States bonds		50,125 00
Virginia Century bonds		12,902 50
Cash in banks and office		34,036 06
Interest due and accrued		3,370 79
Premiums due and in course of collection		20,204 26
(Less commissions.)	Total assets	$375,484 36

LIABILITIES.

Reserve for reinsurance	$22,119 05	
Claims adjusted and unpaid	110 00	$ 22,229 05
Surplus as regards policyholders		$353,255 31
Capital stock paid in		250,000 00
Surplus as regards stockholders		$103,255 31

CORRESPONDENCE.

LETTER FROM NEW YORK.

THE FIRE INSURANCE SITUATION.

It is not easy to say much that is new about the situation of the fire insurance business in this city. The struggle goes on, to the benefit of the assured and to the present loss of every one in any way connected with the business.

The Tariff Association is still in existence. At its last meeting it "suspended" rules and rates, but its organization, we understand, is still maintained, and can be made effective again when the proper time arrives. From present appearances, this time is a long way off.

The companies that were most loyal to the association seem to have fared the worst, and now they seem determined that the doctrine of the survival of the fittest shall have a fair trial, and the proper solution of the present difficulty seems to call for a good long and decisive trial.

Fire insurance companies do not seem to be able to stand prosperity. They have made considerable money during the last two or three years, and they have yearly called the attention of business men to the fact that they can and do pay on their original stocks any where from 8 per cent to 40 per cent and 50 per cent per annum—so that after a short term of prosperity, outside capital is rushed into the business.

Lloyds by the dozen are formed and with companies having the minimum $200,000 capital, have by cut rates and high commissions preyed upon the business, and many brokers have shortsightedly fostered these rate-cutters.

There can be no permanent close of this struggle until the companies have learned to be loyal to each other and to their pledged word. In this "disloyalty" is the true cause of the present situation.

Take two of many instances: 1. The association decided to limit the number of agents each company should have in a given district. The agent of a company voting for this limit places the supplies of his company in the offices of several sub-agencies with instructions that they should be opened and used in place of those of such companies as should loyally carry out their undertaking to take up their superabundant sub-agencies—the old terms of commission to be paid under an innocent-looking agreement, made to represent the new requirements.

And 2. Some of the intensely loyal companies cannot go without blame. As to the multiplication of agencies, when having the three agents according to rule, they may have six by a combination which will give them the management of say the Alaskan-Afghanistan Assurance Company, or nine by the purchase of controlling interest in the Miami of Florida, or even more by the formation of an "annex" or "alliance," nominally forming a separate company. However innocent the object of the promoters of these minor companies, the results as to number of agents, by their formation, have been the same.

Under these circumstances it seems best that the present conditions should continue until it is shown that the members of any new or revived association will be loyal to its rules and rates.

The larger companies are of course keeping their business almost without thought of its cost—writing much of it for a term, so that soon there will be little except "stocks," "storage" and "contents" generally to write for several years.

Hundreds of policies are being rewritten at low rates and for terms, and it does appear that in the long run the larger loyal companies will profit.

Where the profit to the broker comes in at present rates it is difficult to see.

Co-insurance clauses, clauses calling for special care and inspections of sprinklered business, or requiring automatic communication with the fire department stations, and all such proper safeguards to both company and assured, are now in a great measure being set aside.

The abnormally small fire loss in the city this year seems to have prevented the natural results of such a state of affairs from being keenly felt, but the average loss ratio will doubtless be reached before the end of the year.

It is to be hoped that other associations throughout the country will profit by the object-lesson New York is now giving them. So far the rest of the country does not seem to have suffered much.

THE GERMAN-AMERICAN.

The appointment of the late Ernest L. Allen to the management of the German-American was a good one. In the prime of life, with an intimate practical knowledge of the business, with experience as local agent, as special agent, as office and district manager, his work amply justified his appointment. He gained the esteem and respect of all with whom he came in contact and will be much missed.

The recent appointment of Mr. W. Nevin Kremer is made on the same lines as that of Mr. Allen. Also with an experience as local agent, as special agent, with knowledge of office management, and especially with knowledge of the management of men, at a time of life, too, when the best a man has in him should come out, much may be expected from Mr. Kremer's management of his company. A wide circle of friends wish him well.

THE SUBURBAN TARIFF ASSOCIATION.

The Suburban Tariff Association a short time ago sent its members the following notice:

"In view of the competition of companies outside of this association, it has been decided by the Executive Committee that unless a sufficient number of such companies join the association to enable it to control 95 per cent of the business of the territory under its jurisdiction, all rates shall be reduced 25 per cent from and after the 15th day of June, 1898. Should this step not have the desired effect, the committee will be prepared to take such further action as may be necessary."

Wiser counsels have prevailed, and at this week's meeting it was decided not to take the contemplated action.

The New York City situation will, doubtless, in time, extend to the suburban districts, but for the present it is just as well to leave well enough alone.

THE LINCOLN FIRE.

The New York brokers are exercised by the action of the receiver of the Lincoln Insurance Co., in demanding payment of premiums for a full year on all policies issued during the life of the company, and not paid for when the receiver was appointed—the receiver's appointment cancelling all policies then in force.

It is very doubtful if more than the "earned" premium can be collected. Had the company continued in business, it certainly would not have attempted to collect premiums for a time during which it had no liability—and the receiver can have no power to collect that the company did not have. The payment will be resisted by some of the brokers, and it would, perhaps, be as well to settle the matter by a friendly suit.

WE ARE PATRIOTIC IN NEW YORK CITY.

The insurance companies and the larger agencies have freely agreed to pay the salaries of such of their employes as went to the "front" at the call of the President, many of the young men of the offices being members of military companies. The insurance interest is well represented in both the army and navy.

We note that the following applications for the United States Government bonds have been made among others:

Williamsburg City Fire	$ 100,000
Manhattan Fire Insurance Company	500,000
Continental Insurance Company	500,000
Mutual Life Insurance Company	20,000,000
New York Life Insurance Company	10,000,000
Liverpool and London and Globe	100,000

The last of these already holds $2,255,400 worth of Government bonds.

MISCELLANEOUS.

The general appearance and air of most of the New York offices and agencies is a little depressing just now. Premiums are falling off, and managers of British companies are becoming experts in "explanations" of this falling off—and the Home companies do not relish this shrinkage.

There is some prospect of the formation of an Insurance Club. There certainly is room for such a club, and if well managed it would undoubtedly be successful.

The Commercial Union, of New York, has entered the office of Jno. M. Whiton.

Mr. W. A. Tipping, the General Manager of the Scottish Alliance, of Glasgow, who is here to arrange the "Reading" matter, has, it is said, by this time, a very intimate acquaintance by letter of all the New York agencies who have room for just "one more company."

Messrs. Von Conrad & Co. will soon occupy their new officcs in the Queen Building, with the Thuringia, of Germany; the Thuringia of New York; and the Frankfort, of Germany; and the Fankfort, of New York. It appears to be considered very doubtful that the Frankfort will join the regular compact.

The German, of Freeport, has taken over the business of the Buffalo Mutual Fire, and seems to be making great efforts to get a good footing in the State. The German is one of the most successful of the Western companies.

The Atlas, of London, has taken Mr. Burkhardt, recently of the Tariff Association, as special agent.

Messrs. Burk & Brown and the railway syndicate are not to have a monopoly of the Western railroad business. The Western Railway Fire Underwriters will get its share.

Much favorable comment is made "on the street" on the acquisition by the National, of Hartford, of the Mechanics & Traders, of New Orleans. The National gains a good foothold in New Orleans, and generally in the Southern States—it is not by any means the first time that attention has been called to the vigorous management of this company. X-RAY.

IT is, perhaps, not generally known to insurance companies that they cannot limit the time of beginning a suit, by any clause in the policy, where the laws of the State set a different time for beginning an action or suit. The Supreme Court of Missouri handed down on the 28th of May a decision in the case of Karnes, appellant *v.* The American Fire Insurance Company of Philadelphia, appellee, to the following effect:

"The policy of insurance provided that 'no suit or action of any kind against this company for a recovery of a claim under this policy shall be sustainable in any court, unless begun within one year from the date of the fire.' K.'s store burned, and she commenced her suit to recover on the insurance policy more than one year after the loss. Held: (a) That said clause limiting time of bringing suit to one year is null and void, because in conflict with section 2394, R. S. 1889, which provides that 'all parts of any contract or agreement, hereinafter made or entered into, which either directly or indirectly limit or tend to limit the time in which any suit or action may be instituted, shall be null and void.' (b) That said section 2394, R. S. 1889, is constitutional and valid, since a sound public policy demands that the courts of this State shall remain open to litigants as long as their claims are not barred by the statute of limitations; that rules limiting the time for bringing suits should be uniform and general, and should not be left to private contract. (2) K. brought a suit, and took a voluntary non-suit. More than one year afterward, but long before ten years after the loss, she brought this present suit. Held: (a) That her action is not barred because of section 6784, R. S. 1889, which provides: 'If any action shall have been commenced . . . and the plaintiff therein suffer a non-suit . . . such plaintiff may commence a new action within one year after such non-suit suffered.' (b) That section 6784 *supra* does not limit the time of bringing suit, but saves from the bar of the statute, for one year after non-suit, actions which, but for its provisions, would be barred. Said section extends the time in case of a non-suit or the reversal of a judgment, instead of shortening it."

AT Norristown, Pa., James A. Clemmer, charged with being an accomplice in the murder of Mrs. Emma P. Kaiser on October 28, 1896, has been found guilty of murder in the first degree.

Charles O. Kaiser, husband of the murdered woman, has already been condemned and sentenced to be hanged as being the man who actually killed her, but during the trial of Clemmer, Kaiser asserted that Clemmer had been the one to do the deed. The Clemmer jury evidently believed Kaiser. This may result in throwing some doubt upon the verdict of the Kaiser jury, and may result in a commutation of Kaiser's sentence.

The woman, Lizzie de Kalb, who had turned State's evidence, was sentenced to two years' imprisonment, to pay a fine of $500, and the costs of prosecution.

IN the House of Representatives, at Washington, Representative Gardncr of New Jersey has introduced a bill which, if cnacted into law, will do away with pensions from the present war. He proposes to issue life and accident insurance policies to members of the army and naval forces of the United States, the amount to be paid on loss of life or injury in the service to be in lieu of all claims for pensions by soldiers or sailors or their representatives. The bill provides that a board of five insurance commissioners, appointed by the President to formulate rules and regulations for the issuance of the policies, shall report to Congress the amount of insurance to be allowed, together with an estimate of the appropriations necessary.

HUG THE FLOOR AND FOLLOW A CRACK.—A building on a downtown street was on fire and the first floor was full of thick, suffocating smoke. To the crowd outside it seemed as if a man could not live a minute in it; as if human lungs could not possibly endure it. And yet there were two firemen in the room. They had gone in, and had not yet come out. Five minutes later and the firemen had not appeared. The smoke was getting denser and rolled out of the broken transom in heavy, deadly clouds. The crowd in the street was getting worried. At the end of ten minutes a fireman struggled out of the door and stood against a ladder, panting and struggling for breath. In a moment or two he was apparently all right.

"By gracious!" said a man. "That fellow must have fireproof lungs. He's a wonder."

After it was all over and the firemen had returned to their engine houses and were cleaning themselves and the apparatus, the man who had come through the smoke was found. He was as chipper as if he had never been to a fire.

"How do you do it?" asked a man.

"Easy enough," he answered. "Just hug the floor. There is no smoke next to the floor."

"But how do you see to get out?" was asked. "Surely the smoke is too thick to find your way about. And in a strange building you don't know where the door is; how do you manage it?"

"It's like this," answered the fireman. "When the smoke gets thick we get down on the floor and work as long as we can. If we can't do anything and have got to get out, we just crawl along a crack and come to the front of the building. In the big downtown buildings the floor boards run from the front to the back, and if we don't happen to strike the door we just follow the front wall until we come to it. That's no trick."—*Kansas City Star.*

A CABLEGRAM from London says that a number of arrests have been made there in connection with an alleged insurance fraud. Among those taken into custody is Alfred John Monson, the principal in the "Ardlamont mystery," wherein he was accused of having murdered or attempted to murder Lieut. W. C. Hambrough at Ardlamont, Argyleshire, in August, 1893.

This very mysterious case, which was connected with the insurance on Lieut. Hambrough's life, resulted in the Scotch verdict of "Not proven." Several prominent West End money-lenders are also under arrest. The case promises sensational developments, and we shall await reports of it in our English exchanges with great interest.

PERSONAL.

We note the promotion of Secretary Wm. N. Kremer, of the German-American Insurance Company of N. Y., to be president of that company. This promotion is the acknowledgment and reward of long and faithful services to that company, and the recognition of exceptional abilities exhibited in many positions. In regular gradation as second and then as first vice-president and then president of the Middle States Department, his services in the field were varied and extensive, fitting him in all respects for the secretaryship of the company, to which position he was called in 1896. Now the lamented death of President Allen opens to him the highest honor and most responsible position in the company. It is peculiarly pleasant to see such abilities recognized and such services rewarded, and to know that the right man is in the right place at the right time. Mr. Kremer is in the prime of life, being only 47 years of age, college bred, and an alumnus of Franklln and Marshall College of Pennsylvania. We extend to him our congratulations, and to the directory the assurance that it has made an excellent selection.

The promotion of Mr. Kremer opened the way to the appointment of Mr. Charles G. Smith to the secretaryship of the German-American. For several years past Mr. Smith has been manager of that combination of twenty-eight fire insurance companies, known as the Factory Insurance Association, which has written risks in the Eastern, Middle and Southeastern States, in which extended field he has gained that experience which will hereafter be given to the Germania. In the Phenix of Brooklyn, as well as special agent of the Queen, Mr. Smith has also had much experience in underwriting. He was born in 1859 in Brooklyn, N. Y.

Mr. Kremer becomes vice-president and Mr. Smith secretary of the German-Alliance Company.

THE friends of Mr. George Ellis, Secretary of the Travelers Insurance Company, will be grieved to learn of his death which occurred in Hartford last week. He was born in Hartford in 1843, and entered Trinity College in the class of 1864. At the beginning of the civil war he entered the United States Navy as Assistant Engineer and remained in the service until 1867, when he accepted a place as civil engineer in the construction of railroads in Minnesota. He was appointed actuary of the Travelers Insurance Company in 1874, and held the place until elected secretary last year. His eldest son is editor of the *Travelers Record.*

THE INDEPENDENT.—The publishers of *The Independent* announce a change in its form to that of the *Century Magazine,* and a reduction of the subscription price from $3.00 to $2.00. It will make an admirable religious and literary weekly of at least eighty pages.

WAR TAXATION OF LIFE INSURANCE.

Although the unjust proposal to tax the gross premiums of life insurance companies was finally abandoned, it will not be without interest to read and preserve the strong arguments presented, in the debate in the United States Senate, in the following papers:

Senator Lodge presented and the Senate ordered to be printed in the *Congressional Record* the following letter, memorandum and Appendix A, prepared by President Benj. F. Stevens, of the New England Mutual Life Insurance Company.

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY,

Boston, May 19, 1898.

Dear Sir: The taxation of life insurance companies.—It is not altogether possible to give in the narrow space of an official correspondence all the reasons that can be urged against a tax upon life insurance companies. In times of war, when self-preservation calls aloud for utmost exertion and every resource, the temptation not to neglect institutions so profitable as life insurance companies are commonly supposed to be, and full of available funds, is multiplied manifold. There seems in regard to insurance companies of all kinds no valid reason why every person who is in any way connected with them should not be taxed for the support of the government according to his ability as an individual, and any tax on the company after that is, in fact, taxing him beyond his share, and if he is a policyholder, exacting a penalty on his prudence.

Life insurance companies are built up almost entirely of contracts extending over the entire lives of policyholders, or the larger part of them, and requiring small annual payments to be accumulated at compound interest in order to pay large sums at the close of life or at a very advanced age.

These annual premiums are carefully calculated on certain assumptions as to future interest, the average vitality or chances of after life at given ages, and the probable expenses of managing the business.

In the year 1862 the subject of taxing the funds of life insurance companies was brought before Congress, and after mature consideration by both Senate and House of Representatives was defeated. In the course of the Senate debate Mr. Sherman, of Ohio, moved to strike out of the general tax bill all that related to life insurance companies, because the whole capital in life insurance was taxed under other provisions of the bill—that is to say, the accumulations or capital of life insurance companies being composed of bank, railroad, and other stocks and securities, should not pay a double tax.

Mr. Sumner favored the proposition, and spoke as follows: "The business of life insurance, as it seems to me, is peculiar. It differs from others in being not strictly, if I may say so, a money-making business. I know that persons get up insurance companies in order to advance their own interests, but the primary object of the insurance office is to protect other people, particularly the poor; it is to help the poor. I say, therefore, it is not primarily, as compared with many other businesses, a money-making business. On that account, as it seems to me, it has a title to certain consideration. Now, what is proposed? A tax on the premiums. What are the premiums? The premiums are themselves a tax. The premiums constitute the tax which the person insured pays for his insurance. This is the precise case. I state it in this way in order to reduce it, if I may so, to its most naked form."

The question was asked by Mr. Chandler, of Michigan: "Why do you tax railroads on their gross receipts of their passenger earnings?" to which Mr. Dixon, of Connecticut, replied: "I will tell you why. The money belongs to them—it is their money. They spend a portion of it, it is true, in their incidental expenses just as the insurance companies spend a portion of their funds in transacting their business; but that money belongs to the railroad company; it is their fund. They do not hold it in trust for anybody. They hold for themselves. The insurance company receives money in trust, a solemn and sacred trust. There can be no more sacred fund than the fund which an insurance company receives from those who take out policies in the office. They hold it for them. They are bound to pay it all out, etc." (See Congressional Debates, 1862.)

The views of these statesmen at a time when a somewhat similar condition of national affairs existed, it seems to me, are pertinent in the present condition of things. No one wishes to shirk his duty so far as contributing to the sinews of war is concerned. Every one should do his duty, but such a tax should not be enforced as would lose sight of discrimination and cause an undue burthen upon a particular business which is of itself a tax upon our citizens and in which there is no profit, for the companies are all mutual and have no source of profit as in ordinary modes of business. Whatever of savings there may be is returned to the individuals composing the company to lighten the tax laid upon them by the assessment of premiums.

In conclusion, it is not reasonable to expect that a business already a tax should be still further burthened by another and excessive tax.

In behalf of the New England Mutual Life Insurance Company, I beg that your deliberations may be attended by a just discrimination of the purposes for which the institution was created.

The proposed stamp tax, it appears to the writer, if a reasonable one, can not be objected to, but a tax upon premiums, in themselves a tax, ought not to be levied.

Yours truly, BENJ. F. STEVENS, *President.*

HON. HENRY CABOT LODGE,
United States Senate, Washington, D. C.

Memorandum upon the proposition to subject mutual life insurance companies to the tax proposed to be laid upon corporations.

Every mutual life insurance company ought to be exempt from taxation, because:

(*a*) Since it has no stock, it has no funds except those derived from the premiums paid by its members. A tax upon it can be paid only out of such funds, and is not a tax on the corporation, but a direct tax on each individual member in the proportion to his interest in the fund. (See Appendix A.)

(*b*) The funds are applicable only to the payment of losses and the necessary incident expenses. To tax them is to tax losses and to increase the losses by the amount of the tax. (See Appendix A.)

(*c*) Losses are neither a proper subject-matter for, nor a proper measure of taxation; nor is their occurrence the proper occasion of taxation. (See Appendix A.)

(*d*) The bases on which mutual premiums and reserves are computed, and on which the legal standard of solvency is predicated, make no provision for taxation. A tax can be paid only out of the legal reserve, rendering the company insolvent, unless and only so long as, an experience more fortunate than the assumptions produces a surplus sufficient to meet the tax. (See Appendix A.)

(*e*) To take the surplus by taxation is to make the policyholder pay more for his insurance than its proper cost to the company.

(*f*) During the civil war, when the necessities of the Government compelled a most careful search for every proper source of revenue, the Congress fully and carefully considered the proposal to tax mutual life insurance companies, and refused to do so because the funds were not employed in business for the benefit of the members, but were contributed by them and were used only for the adjustment of losses and were therefore in themselves in the nature of a tax; so that a tax on them would be in the nature of a tax on a tax.

To summarize: A tax in any form upon a mutual insurance company is a tax on its members individually, and is paid and must be paid only by them, out of their premiums, so much reducing the surplus to be returned and so much increasing consequently the yearly cost of their policies. It is not a tax on their property, but upon their losses, and is laid upon the money which is the distributive share of each member in those losses as it passes through the hands of the company to make good the original sufferer.

Amendment to H. R. 10100: Add the following after the words "United States," at the end of line 2, page 61:

"The provisions of the section shall not apply to any insurance company or association which conducts all its business solely upon the mutual plan, and only for the benefit of its policyholders or members, and having no capital stock and no stock or shareholders, and holding all its property in trust and in reserve for its policyholders or members; nor to that part of the business of any insurance company having a capital stock and stock and shareholders which is conducted on the mutual plan, separate from its stock plan of insurance, and solely for the benefit of the policyholders and members insured on said mutual plan, and holding all the property belonging to and derived from said mutual part of its business in trust and reserved for the benefit of its policyholders and members insured on said mutual plan."

APPENDIX A.

A mutual life insurance company is a collection of policyholders' assembled in corporate form, doing their own business at their own risk, in order that each one may get his individual family protection at its exact cost to the company without having to pay a profit to stockholders.

A tax on such a company is a direct tax on the members who alone compose it. The company, as a corporation, merely collects from each member his share of the tax and pays it over to the government, for a mutual company, having no stock and no stockholders, has no funds except those derived from the premiums paid in by its members on their policies.

The premium paid in by a member or policyholder is calculated to fulfill two purposes: First, to pay the death losses of the year, and also to provide a reserve against the certain future greater losses as the membership gets older; and second, to pay running expenses. These things cover the normal cost of insurance. Whatever is left of the premium after providing these things through the year—if anything is left—is surplus, and is returned to the policyholder as an overpayment, or in ordinary, but incorrect speech, as a "dividend." Whatever is paid for taxes comes out of that surplus—if there is a surplus—and makes the return of surplus just so much less, and makes the cost of his insurance just so much more. Any tax on a life insurance company or on its premiums is a direct tax on the individual policyholder who pays the premium taxed. He does not see the tax. It is not intended that he should. It is intended that he shall suppose that it is a tax on a corporation only, and not on him. But he pays it, and no one else, and it is the Government's addition to the cost of his family's protection.

If there is no surplus, then a tax can be paid only by taking the money from the reserve which the law requires the company to hold, and which is necessary to the solvency of its policies. If its reserve be impaired, the company is so far bankrupt, and it can pay only a percentage of its claims.

The assumptions upon which a mutual life insurance company's business is based are these three: A rate of probable mortality; a rate of interest on so much of its premiums as are not needed for the lighter losses, while its members are young and are reserved for the heavy losses when they grow older; a provision for business expenses. Presumably, the death losses and expenses will use up every cent of the premiums computed on these bases, and each member's policy will cost him his full premium. No provision is made for a

tax. None can be paid, unless the experience is more favorable than the assumptions, without impairing the reserve and rendering the company insolvent.

LIFE INSURANCE OUGHT NOT TO BE TAXED AT ALL.

Taxation ought to bear on the possession and use of property and not upon the loss of property or upon the means by which such losses are distributed.

The only moral and humane theory of taxation is the collection of only such moneys as are necessary for the proper and legitimate expenditures of the Government from such sources; that is, from such persons owning such properties as ought to bear those expenditures and in the proportion in which they ought to bear them.

Under such a theory no one would suggest a tax upon people's losses. These could be regarded neither as the proper subject-matter of taxation nor as a humane basis of the distribution of tax burdens.

No one would suggest that because a man's house on which he has been paying taxes has been burned he should at once pay a special tax on its value which he has just lost, or that a man's family should be taxed on the money value of his life to them because he has died and they have lost that value.

Insurance is merely a method of distributing the property losses of those who have lost property among those who have not lost it. It is effected through contributions or payments called premiums.

A's house, worth $5000, and on which he has paid taxes while it was in being, has burned. A has lost $5000. There is no restoring it. That property and its value are gone forever, not only to A, but to the whole world. To tax A on that loss would be an unspeakable inhumanity.

But A has insured against that loss; that is, he has agreed with other house owners to share their like losses if they will assume his loss if it comes. While his house is unburnt, he, by his premiums assumes his share of the losses of those whose houses burn meantime. When his house burns they, by their premiums, take his loss on their shoulders and make it good to him. They lose it instead of A, because before that he had through his premiums been losing his share of their houses which had burnt.

Their assumption of the loss and giving A the money in place of his house has not restored the house. It has not changed the loss into gain or into an even thing. The property is gone. The loss remains. It has merely been distributed. A is made whole, but the contributors to that result have taken the loss to themselves and are just so much worse off. They have lost A's house. They have divided up the $5000 loss among them.

To tax A additionally on the $5000 because it was returned to him would be inhuman. It would be to make him lose something in spite of his own and others' efforts to avoid loss. It would be a loss created and inflicted by Government on the occasion of his escaping from a greater loss. It would be a fine on him for not losing.

To tax the other men who, by their premiums, have taken A's loss upon themselves and distributed it among themselves is an equal inhumanity. They have made A's loss their own to save him. To tax them on their loss is an equal outrage to taxing A upon that same loss if it had remained on him.

It is taxing a loss, and it is a fine, a punishment, upon men for so sharing each other's losses that it becomes possible for them to be borne. The group of men forming a mutual insurance company can together bear losses which would crush and destroy the individual. But it is as inhuman and tyrannous to tax the losses of the group as to tax those of the individual which he would have to bear but for the action of the group.

WHAT SUGGESTS TAXATION?

The only element in the transaction that suggests taxation of these losses, either to the individual or the group or mutual company, is the fact that it requires the use of money to adjust them, and that the money is brought into sight in the hand of the adjusting association or corporation and in easy reach of the taxgatherer, and so becomes a temptation to ignore the true nature of the fund, which is simply the collective losses of the group or company, thereby relieving the individual calamities of its members.

THE PARALLEL BETWEEN FIRE AND DEATH LOSSES.

Life insurance differs from fire insurance only in the subject-matter of the loss. Instead of a man's house or other perishable property, his family loses the money value, the earning and producing capacity, of his life. His life, its money value, what it will do for them, what it will earn, is just as much property, and their property, their financial dependence, as is his house, and the loss of that life is just as much a property loss to them as that of his house is to him.

For example: If a man, aged 30, is earning $1000 a year for his family, taking his chances of life according to the actuaries' table, and assuming money to be worth 4 per cent, the present value of his life in money to his family is $17,000. That is their actual money property in his life. That is the money they lose if he dies.

If, when he dies, the Government should openly tax that family on that loss, on that amount, the world would stand aghast. Such a government could not live, for no one could live under it.

THE ESSENCE OF LIFE INSURANCE.

Life insurance is simply the distribution of the loss of family property in the lives of husbands and fathers. The father, while he lives, by his yearly premiums, assumes his share of the loss of those families whose heads have died during the year. All the fathers who have associated themselves with him do the same thing. They, by their premiums, take each family's loss as it occurs over upon themselves and divide it among themselves. They lose the money value of the man's life instead of his family. The family is not financially crushed, for these men have taken the burden from it. They are not crushed, for they are many and have divided the burden, and the losses do not come all at once. But these men have lost the money value of that life just as truly as the family would have lost it if these men had not assumed and divided it among themselves.

To tax them as a group or company upon the loss they have thus assumed and suffered is as abhorrent to justice and humanity as it would be to leave the loss on the family and then tax the family on that loss.

The division of the tax among these men does not alter its unjust quality. It simply reduces the tax which any one man has to pay on any one loss. He does not have to pay the whole of the tax any more than he has to pay the whole of the loss. But the portion which he does pay is a tax on a loss which he has suffered by helping others to bear it, and in proportion as he has suffered it, just as much as if he had borne the whole loss and paid the whole tax on that loss.

RESERVES.

But it is urged by those unfamiliar with the details of life insurance that the premiums do not all go at once to the payment of losses or the expense of adjusting and distributing them, but go in part to swell the assets, which, in a company with a large amount at risk, grow to a great sum, invested and earning interest for the members from whose premiums the assets have been accumulated, and which, therefore, it is alleged should be taxed.

The answer is that these assets are all held in reserve for and are to go to pay future losses. Both the additions from premiums to these assets and the interest earned on them, except the interest over 4 per cent, are to go to pay losses.

The necessity for and precise use of this reserve of assets from premiums and interest is as follows:

If men died no faster at one age than at another, the losses at each age and the cost of carrying the risk would be the same each year, and the premium for every man would be the same each year, and no matter what his age; each year's losses and expenses would nearly or quite use up each year's premiums, and there would be little accumulation, comparatively. But, while out of 1000 men aged 20 only about 8 will die in a year, out of 1000 aged 60, 26 will die. That is, the risk increases with age, and the yearly cost increases with the risk. For example, if 10,000 persons aged 20 insured for $10,000, and each paid just the increasing mortality cost each year (assuming there were no expenses), they would pay in each year of their age the following increasing premiums:

Mortality per cent. Actuaries' table. Annual term rate for $10,000. *No interest assumed; and no expenses.*

Age.	Rate.	Age.	Rate.	Age.	Rate.	Age.	Rate.
20	$72 91	40	$103 62	60	$303 36	80	$1,404 06
21	73 77	41	106 12	61	326 12	81	1,514 36
22	74 64	42	108 94	62	351 21	82	1,631 94
23	75 64	43	112 51	63	378 40	83	1,759 13
24	76 66	44	116 97	64	408 26	84	1,896 78
25	77 70	45	122 12	65	440 82	85	2,050 95
26	78 87	46	128 39	66	476 14	86	2,224 80
27	80 06	47	135 16	67	514 74	87	2,422 34
28	81 39	48	142 60	68	550 30	88	2,652 74
29	82 75	49	150 61	69	600 87	89	2,923 82
30	84 25	50	159 38	70	649 33	90	3,237 30
31	85 78	51	168 98	71	701 58	91	3,609 87
32	87 47	52	179 47	72	758 05	92	4,052 63
33	89 19	53	190 93	73	818 84	93	4,572 27
34	90 95	54	203 13	74	884 68	94	5,163 04
35	92 88	55	216 64	75	955 60	95	5,842 70
36	94 85	56	231 26	76	1,031 80	96	6,486 49
37	96 87	57	246 79	77	1,114 69	97	6,923 08
38	99 06	58	263 86	78	1,204 44	98	7,500 00
39	101 31	59	282 46	79	1,300 65	99	10,000 00

Experience proves that men dislike these increasing premiums, especially after they get to middle age, when the increase becomes very rapid. And in order to give a sufficient stability to a company by enabling men to pay uniform premiums in spite of the increasing cost, and avoid the risks that it may be left with a few members and not enough to pay its losses on them, it is necessary to have a premium which does not increase as the cost increases, but remains the same every year—what is called a "level premium."

It must, of course, be the equivalent of the yearly increasing mortality cost given above, and must, therefore, be more than the mortality cost in the early years of the contract and less than that cost in the later years, and the excess of level premium over mortality cost in the early years, with the interest earned on it, must be reserved to meet the excess of mortality cost over level premium in the later years; that is, the "reserve" or "reserve fund" "reinsurance fund" of a life insurance company, accumulated while the business is young and the losses are small, to be paid out as the business grows old and the losses become heavy. But it all goes to pay losses.

For example: Suppose 10,000 men, all aged 30, form a mutual company to insure each other's families $10,000. If they paid in just the mortality cost year by year, then the first year each man would pay $84.26; the tenth year each would pay $97.94; in the twentieth year the cost would have run up to $137.81 each; in the

thirtieth year it would be up to $266.93; in the fortieth year it would be $619.93; those who lived to 75 would pay $943.71 each. Men will not do this. So these men will take the "level premium" of $169.72 (assuming no expenses), and the progress of payments of premium and of death losses of earlier accumulation and later diminution and final extinction of the reserves will go on as follows:

Year.	Age.	Living.	Dying.	Premiums.	Losses.	Premiums over losses.	Losses over premiums.	Reserve.
1	30	10,000	84	$1,697,200	$840,000	$857,200	....	$922,882
2	31	9,916	85	1,682,944	850,000	832,944	.. .	1,859,435
3	32	9,831	86	1,668,517	860,000	808,517	....	2,809,289
4	33	9,745	87	1,653,921	870,000	783,921	.. .	3,772,415
5	34	9,658	88	1,639,156	880,000	759,156	....	4,749,495
6	35	9,570	89	1,624,220	890,000	734,220	....	5,739,797
7	36	9,481	90	1,609,115	900,000	709,115	....	6,743,114
8	37	9,391	90	1,593,841	900,000	693,841	....	7,761,964
9	38	9,301	93	1,578,566	930,000	648,566	....	8,791 890
10	39	9,208	93	1,562,782	930,000	532,782	....	9,836,270
11	40	9,115	94	1,546,998	940,000	606,998	....	10,894,662
12	41	9,021	96	1,531,044	960,000	571,044	. ..	11,965,034
13	42	8,925	97	1,514,751	970,000	544,751	....	13,046.989
14	43	8,828	100	1,498,288	1,000,000	498,288	....	14,132,814
15	44	8,728	102	1,481,316	1,020,000	461,316	....	15,217,903
16	45	8,626	105	1,464,005	1,050,000	414,005	....	16,296,413
17	46	8,521	109	1,446,184	1,090,000	356,184	....	17,359.087
18	47	8,412	114	1,427,685	1,140,000	287,685	...	18,400,566
19	48	8,298	118	1,408,337	1,180,000	228,337	....	19,418,338
20	49	8,180	124	1,388,310	1,240,000	148,310	....	20,405,365
21	50	8,056	128	1,367,264	1,280,000	85,264	....	21,360,728
22	51	7,928	134	1,345,540	1,340,000	5,540	....	22,267,692
23	52	7,794	140	1,322,798	1,400,000	....	$77,202	23,142,099
24	53	7,654	146	1,299,037	1,460,000	....	160,963	23,957,878
25	54	7,508	153	1,274.258	1,530,000	.. .	255.742	24,714,345
26	55	7,355	159	1,248,291	1,590,000	....	341,709	25.409,220
27	56	7,196	167	1,221,305	1,670,000	....	448.695	26,029,441
28	57	7,029	173	1,192,962	1,730,000	....	537,038	26.578,31
29	58	6,856	181	1,163,600	1,810,000	....	646,400	27,042,227
30	59	6,675	189	1,132,881	1,890,000	. ..	757,119	27,414,765
31	60	6.486	196	1,100,804	1,960,000	....	859,196	27,691,851
32	61	6,290	204	1,067,539	2,040.000	....	992,461	27,854,560
33	62	6,084	213	1,032,576	2,130,000	....	1,097,424	27,909,090
34	63	5.871	222	996,426	2,220,000	....	1,223,574	27,839,797
35	64	5,649	231	958.748	2,310,000	. ..	1,351,252	27,643,449
36	65	5,418	239	919,543	2,390,000	....	1,470,457	27,316,759
37	66	5,179	247	878,980	2,470,000	....	1,591,020	26,854,937
38	67	4,932	253	837,059	2,530,000	.. .	1,692,941	26,265,847
39	68	4,679	261	794,120	2,610,000	....	1,815,880	25,535.377
40	69	4,418	265	749,823	2,650,000	....	1,900,177	24,684,684
41	70	4,153	270	704,847	2,700,000	...	1,995,153	23,706,414
42	71	3,883	272	659,023	2,720,000	....	2,060,977	22,618,473
43	72	3,611	274	612,859	2,740,000	....	2,127,141	21,421,605
44	73	3,337	273	566,356	2,730,000	....	2,163,644	20,136,577
45	74	3,064	271	520,022	2,710,000	....	2,189,978	18,772,647
46	75	2,793	267	474,028	2,670,000	....	2,195,972	17,347,027
47	76	2,526	261	428,713	2,610,000	....	2,181,287	15,877,831
48	77	2,265	252	384,416	2,520,000	....	2,135,584	14,391,239
49	78	2,013	243	341,646	2,430,000	....	2,088,354	12,893,654
50	79	1,770	230	300,404	2,300,000	....	1,909,596	11,421,271
51	80	1,540	216	261,369	2,160,000	....	1,898,631	9,989,395
52	81	1,324	201	224,709	2,010,000	....	1,785,291	8,613,826
53	82	1,123	183	190,596	1,830,000	..	1,639,404	7,326,012
54	83	940	165	159,537	1,650,000	....	1,490,463	6,134,218
55	84	775	147	131,533	1,470,000	....	1,338,467	5,046,382
56	85	628	129	106,584	1,290,000	....	1,183,416	4,069,450
57	86	499	111	84,690	1,110,000	.. .	1,025,310	3,210,277
58	87	388	94	65,851	940,000	...	874,149	2,467,192
59	88	294	78	49,898	780,000	....	730,102	1,837,788
60	89	216	63	36,660	630,000	....	593,340	1,319,213
61	90	153	50	25.967	500,000	...	474,033	899,564
62	91	103	37	17,481	370,000	....	352,519	583,526
63	92	66	27	11,202	270,000	....	258,798	348,784
64	93	39	18	6,619	180,000	....	173,381	189,781
65	94	21	11	3,564	110,000	....	106,436	91,217
66	95	10	6	1,697	60,000	....	58,303	36,759
67	96	4	2	679	20,000	....	19,321	18,484
68	97	2	2	339	20,000	....	19,661	....
69	98	...	...	....	....	...	....	....
70	99	...	...	.. .	....	....	....	....

It is assumed in this illustration that no new business is taken in, but the original 10,000 men and their survivors each year carry on until all are gone.

In fact, the business lost by death and lapse is usually replaced by new business, so that the reserves on the successive new yearly groups of men take the place of the reserves used up in payments of losses on the old groups; but in a company of any considerable age the operations shown in the table are going forward in each group of men taken in each successive year of business. Our published returns and statements show simply the aggregates of all the changing yearly groups of reserves.

A portion of each year's premium goes to pay the losses of that year; the remainder of it, increased by interest earned, goes into the reserve for future losses until the losses overtake the premium, and then all the premiums and a part of the reserves go to the yearly losses. To tax the premiums or the reserves derived from them is to tax the losses which it is their sole function to pay. That is inhumanity.

To tax any savings that can be effected on these premiums or reserves is to increase the cost of the protection; that is, it increases the loss itself. What is not lost by death is lost to Government. Whichever way, it is pure loss. That is taxed and made to yield revenue to the Government.

The following letter by Judge Charles E. Dyer was presented by Senator Spooner, with the remark that the author "was for many years one of the most accomplished federal judges in the United States, a very able, fair and patriotic man," and that the letter "contains information upon the general subject of life insurance taxation entitled to the gravest consideration."

NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY,
Milwaukee, May 16, 1898.

MY DEAR SIR: The bill to provide ways and means to meet war expenditures, which has passed the House of Representatives and is now pending in the Senate, presents to mutual life insurance companies a subject of not a little interest, particularly in view of certain amendments to the bill which have been proposed in the Senate. On examination of the bill as it came from the House, I observe that it provided for a stamp tax on all policies of life insurance for each $100 or fractional part thereof, 2 cents on the amount insured. This would amount to 20 cents on every thousand dollars of insurance. One of the Senate amendments proposes, we understand, to increase the rate from 2 cents on the $100 to 10 cents, which would amount to $1 for every thousand dollars of insurance.

We are very strongly impressed with the view that such a rate of taxation is grossly excessive. In contrast to it, I take the liberty to call your attention to the stamp tax imposed on life insurance policies by the act of 1862. The amounts required by that act were 25 cents when the amount insured did not exceed $1000; 50 cents where it exceeded $1000 and did not exceed $5000, and $1 where it exceeded $5000. In other words, a policy for any amount above $5000 paid a stamp tax of $1. Certainly the Government was in greater need of money for war expenditures during the civil war than it is for such expenditures in the present war, and yet, under the law of 1862, a stamp tax of $1 was deemed adequate on any life policy exceeding in amount $5000; whereas, in the proposed amendment to the pending bill, a stamp tax is contemplated, as I may state for illustration, of $5 on a $5000 policy, of $10 on a $10,000 policy, and so on in the same ratio.

Moreover, in addition to this stamp tax, it is proposed by another Senate amendment to impose upon mutual companies a special annual excise tax, which shall be the equivalent of one-fourth of 1 per cent of the whole amount of the gross receipts of such company derived from its business for the year.

No tax on income was imposed by the act of 1862. In fact, in that year, when the war of the rebellion was in progress and the country was pouring out its money and sacrificing its lives without limit for the preservation of the Union, and when the revenue bill then pending was under discussion in the Senate, senators, irrespective of party, objected to any provision imposing a tax upon mutual life insurance companies other than the stamp tax before referred to, and my recollection is that a provision for taxing income or assets was stricken from the bill. Such men as Senators Sumner, Sherman, and Dixon, united in objection to such a tax, and one senator stated in debate that when a man paid a life insurance premium, he thereby imposed a tax upon himself for the protection of his family, and that, if the Government imposed a tax upon that premium, it would be simply placing a tax upon this self-imposed tax.

To illustrate the extent of such an enormous tax as is proposed by the present Senate amendments upon the Northwestern, I call your attention to the fact that the total income of the Northwestern for the year 1897 was a little over $20,000,000. Suppose the income for the year beginning June 1, 1898, to be an equal amount with that of 1897. The tax on that sum at one-fourth of 1 per cent for one year would be $50,000. In this connection I call your attention to the further fact that in 1897 the company issued policies amounting to between fifty-seven and fifty-eight million dollars. Suppose, in round numbers, the company should issue new policies in the year beginning June 1, 1898, amounting to $60,000,000.

The stamp tax on those policies, at the rate of 10 cents on every $100, would amount to $60,000; so that the tax thus imposed by the Federal Government on this company for the year would be $110,000. I submit that this would be an enormous tax and one not justified by the emergencies of the present situation. Let me say, further, that the taxes, license fees, and other charges of a miscellaneous character paid by the company in 1897 in the various States in which it transacts business amounted to about $270,000. They certainly will not be less and are likely to be considerably more than that amount in 1898, so that if the Senate amendments should be adopted, the grand aggregate which this company would be obliged to pay, say for the year commencing June 1, 1898, in the form of taxes Federal and State, will amount to at least $380,000.

To further illustrate the effect upon life insurance companies of such taxation as is proposed by the bill pending in Congress, if it

shall be amended in the Senate as suggested, it is not out of place to refer to the fact, that according to statistics just published, the business of 1897 of New York life insurance companies would require the payment of $924,000 as a tax on policies and $598,000 as a tax on premium income, making a grand total in New York alone of $1,522,000 per annum; that, too, derived from life insurance companies alone.

Such a tax on some forms of policies, at some ages, would consume an entire year's loading, by which term I mean, of course, the amount which is made part of the premiums for the purpose of covering the expense of the business. I am informed that the taxes, license fees, and other charges imposed on the same companies throughout the various States where they do business, as actually paid in 1897 (excluding real estate taxes), were $3,123,000. When these facts are understood and the extent of the burden is fully comprehended, it would seem that there should be entire concurrence in the view that the proposed legislation by Congress, if the Senate amendments shall be adopted, will bear with undue severity upon life insurance companies and that a more conservative basis will, on reflection, commend itself to the minds of Senators and Congressmen.

It is to be borne in mind that a mutual life insurance company belongs to its members, and stands on altogether a different footing from that of a stock corporation. Under the revenue law as it shall be finally adopted every citizen who may be a policyholder in the company will be obliged, as an individual, to pay the tax, whether it be in the form of stamp tax or otherwise imposed by the law. Then the company, as a corporate organization, must also pay such stamp duties as apply to its general business transactions. For example, every draft it draws, every check it issues, every contract, conveyance, or lease it makes, every telegraphic dispatch it sends, is chargeable with a stamp tax imposed by law; and then, to superadd to the taxes thus imposed on the individual members of the corporation, and the corporation itself, as an organization representing its members, such a tax on polieies and on income as the Senate amendments contemplate, it must be admitted, I think, is imposing burdens not demanded or justified by existing conditions.

Considering the question from the standpoint of present actual necessities and of justice, I beg to suggest that an adequate tax in the form of stamp duties on policies is that prescribed in the bill as it passed the House, namely, for each $100 or fractional part thereof, 2 cents on the amount insured, or in place of that such a tax as was imposed by the act of 1862, namely, 25 cents when the amount insured does not exceed $1000, 50 cents when such amount exceeds $1000 and does not exceed $5000, and $1 when the amount of the insurance exceeds $5000; and that certainly the tax upon gross incomes of one-fourth of 1 per cent per annum should be eliminated altogether.

Recognizing the fact that all should share in financial burdens cast upon the people in time of war, I trust that you may see your way clear to advocate and support a milder course of action, so far as life insurance companies are involved, than is proposed by the Senate amendments, and one in line with the suggestions I have ventured to make.

As I have pointed out, life insurance is already under a very heavy burden of taxation. The companies are generally acting with marked generosity in their treatment of policyholders who have entered and may enter upon active military service. Though not benevolent institutions, life insurance companies are, in the highest degree, beneficent. In a multitude of instances they stand as protectors of the State against the necessities of public charity. It certainly seems impolitic and unwise for the Government to lay burdens not absolutely necessary upon institutions which induce economy and a saving of the people's earnings.

Great Britain, as you are undoubtedly aware, has never taxed life insurance, except by a small stamp duty on the policy, and so liberal are the laws of that country on the subject that they provide that, whatever a man's income may be, if he will place one-sixth of it in life insurance, that sixth shall be wholly exempt from every form of taxation. This is a marked recognition of the fact that life insurance companies are the best allies of the State to save its treasury from the claims of the needy.

These observations are not intended as argument against any taxation of life insurance companies, especially in time of war. But it must be recognized as the duty of the legislator to abstain from taxing such institutions beyond the limit of clear necessity, and careful reflection would seem to lead to the conclusion that the provision in the bill under consideration as it passed the House was ample, and, indeed, that there is nothing in present exigencies which requires Congress to go beyond the rate and limit of taxation which was adopted in 1862, when the very existence of the Government was involved, and was then found to be adequate.

Very respectfully,

CHAS. E. DYER.

Hon. JOHN C. SPOONER,
United States Senate, Washington, D. C.

IN an effort "to ascertain the percentage of taxes paid by companies to their net income," the Hartford *Journal*, as per the Connecticut Reports, arrives at the following conclusion: that "for twenty years the taxes paid by these companies have been an average of 15.86 per cent of their net income"; the net income, for the years from 1878 to 1898, was $282,233,859, and the taxes, $45,245,259, or 15.86 per cent.

LAW DEPARTMENT.

In the Court of Common Pleas, Baltimore.

ANNIE B. LEE, ADMINISTRATRIX *v.* UNION CASUALTY AND SURETY COMPANY.

On demurrer to replication to 8th plea.

Harlan, J.—This suit is upon a policy of insurance, issued upon the life of Reuben B. Lee, and the 8th plea alleges that one of the conditions upon which the policy was issued was that legal proceedings for recovery under said policy may not be brought unless begun within six months from the time of the death of the insured, and that the suit was not brought within said time. The replication does not deny that such was the condition of the policy, or that the suit was not brought within said six months, but sets up the fact that the policy was made payable to the estate of the said Lee, and that suit was brought within six months after the appointment of the plaintiff as his administratrix. To this replication there is a demurrer.

The replication alleges no excuse for the delay in taking out letters of administration, and plaintiff's counsel rely solely upon the legal proposition that limitations could not begin to run until there was some person to bring the suit, and that therefore limitations did not begin to operate in this case before the letters of administration were taken out.

That under our statute providing that all actions of account, assumpsit, or on the case, actions of debt, etc., . . . shall be commenced, sued or issued within three years *from the time the cause of action accrues*, the statutory limitation would not begin to operate before letters were granted, is well settled.

Fishwick *v.* Sewell, 4 H. & J., 393.

Haslett *v.* Glenn, 7 H. & J., 17.

Rockwell *v.* Young, 60 Md., 566.

But this case does not rest upon the statute; it rests upon the contract or agreement between the insured and insurer, and this contract fixes a point of time from which the period of limitation agreed on between the parties shall begin to run. What power has the court to change this agreement between the parties? The exact question raised in this case seems to be *res nova*, so far as the reported decisions disclose in this State, but the distinction between a limitation prescribed by *contract* and a limitation prescribed by *statute* is recognized (Earnshaw *v.* Sun Mutual Aid Society, 68 Md., 475), and elsewhere the law seems to be established by well considered cases, that where parties have substituted an agreement, as they may lawfully do, as to limitations, for the statutory rules, that the agreement will control entirely, and neither the statute, nor its exceptions, can have any application. As expressed by the Supreme Court of the United States, in Riddlebarger *v.* Harford Ins. Co., 7 Wall., 386: "The rights of the parties flow from the contract. That relieves them from the general limitations of the statute, and, as a consequence, from its exceptions also."

Hocking *v.* Ins. Co., 130 Pa. St., 170.

Melson *v.* Phoenix Ins. Co., 25 S. E. Rep. (Ga.), 189.

McElroy *v.* Continental Ins. Co., 48 Kan., 200.

Edson *v.* Ins. Co., 35 La. Ann., 353.

That there are causes which will excuse the performance of the terms of a contract with reference to the time of bringing suit thereon, as well as its other terms, is well recognized. The case of Earnshaw *v.* Sun Mutual Aid Society, 68 Md., 475, where suit was prevented by an injunction, and the case of Metropolitan Life Ins. Co. *v.* Dempsey, 72 Md., 288, where there was an agreement as to the amount to be paid and a promise by the insurer to pay, are illustrations of such causes.

In the case of Matthews *v.* American Central Ins. Co., reported below in 41 N. Y., Supp. 304, (October, 1896,) and in the Court of Appeals, 48 N. E. Rep. 751, (December, 1897,) where a fire occurred after the death of the insured, and owing to a contest over his will letters had not been taken out until after the time limited in the policy for bringing suit, it was held that the suit was barred by the contract limitation. This case turned partly upon whether under the New York statutes a special administrator could not have been appointed pending the controversy to have brought the suit, but it contains the latest and a very full discussion of the principles applicable to *contract limitations*, and is ample authority for the position that an unexplained delay in taking out letters of administration will not prevent the running of the limitation provided by such contract.

The demurrer will have to be sustained and it is so ordered.

MEDICAL DEPARTMENT.

HEART DISEASE FROM THE STANDPOINT OF LIFE INSURANCE.*

BY ROBERT H. BABCOCK, A. M., M. D.

When your president did me the honor of inviting me to address you this evening, and suggested that I speak upon this subject, it seemed to me that I had a great deal to say. Upon reflection, however, I became at a loss to decide just what to say that could be of practical interest to life insurance examiners, because the attitude of the companies with relation to heart disease is fixed. But as I was assured that the majority of my hearers would be examiners-in-chief, and the position of life insurance associations seems to me wrong, I decided to criticise their attitude in the hope of beginning a movement to induce more of the companies to modify their decision regarding applicants whose hearts do not come up to standard.

So far as I have been able to learn, only four companies—the New York Life, the Security Life and Trust of Philadelphia, the Life Insurance Clearing House of St. Paul, and an assessment company of Hartford—have thus far departed from the rule and now issue what are known as "substandard risks." For the most part, as you well know, insurance companies refuse applicants whose pulses or hearts deviate from the normal as follows: A pulse-rate persistently above ninety or below sixty—some say above eighty-five and below fifty—and habitual arrhythmia; a murmur, whether anemic or of organic origin, provided it be permanent, absolutely rejects the applicant. I do not ask that such risks be accepted as standard risks, but I believe it is unjust to exclude them altogether, and would have all companies establish under-average ratings.

Before I state why and wherein I believe the attitude of most companies at present towards heart disease is wrong, let me discuss some of the reasons that influence them. Doubtless it is one of cold dollars and cents, or rather experience has taught them that it is safer to reject all applicants with defective hearts than to accept the recommendation by their examiners of some of these risks.

The attitude of insurance companies toward their examiners is one of distrust of their ability to make reliable reports on the condition of heart patients and to judge of the likelihood of such persons to live out their expectancy. Therefore the rank and file of medical examiners are mere machines who turn in reports, while all discrimination and decision is left to the examiners-in-chief or the medical directors. I will go further, and say that in some instances the attitude of the companies is one of discredit of the value of medical examinations. This was impressed upon me by a conversation some years ago with the general manager of one of the two largest insurance companies in the East. He said he attached so little importance to a medical examination that if his chief examiner in this city were to forget his medical knowledge the next day he would still retain him in his position, because of his knowledge of men and conditions in Chicago. This general manager added that he did not pretend to any medical knowledge himself, yet he felt so sure of his ability to judge of risks simply upon inspection, that if a hundred men were to walk slowly through that office he would tell who were good and who were bad risks. To this I responded that I could bring in twenty men every one of whom he would accept on this basis, and yet every one would have heart disease.

What are the reasons for this distrust on the part of the insurance companies? It has been suggested to me that this is due chiefly to the impossibility of securing examiners whose work can be relied upon. Now if this be the case, then I believe the companies are themselves largely to blame, first because of the methods of appointing examiners. This is done in one of the two following ways: A young physician with more time than practice applies for appointment and sends in the names of professional friends as references. Confidential letters are sent to these or other physicians supposed to have knowledge of the applicant's ability and character, with the request that they state in confidence what their knowledge and opinion of said applicant's qualifications are. Now it is a well known fact that nothing is easier than for one doctor to get a recommendation from another doctor. Consequently in this instance the recipient of the confidential letter, although he may have no personal knowledge of the young man's ability, gives the desired recommendation on the assumption that having been graduated at a reputable medical school he must have been adequately trained. And on the strength of such indorsements the appointment is made.

Another method is for an agent to send to the company the name of some physician well known in the community, or who has been recommended to him by some layman. The chief examiner is then dispatched to the locality and ascertains what he can of the doctor's character and qualifications by inquiry or personal interview. If these investigations are satisfactory the physician is appointed.

Now I claim this method is defective, and that examiners should be appointed only after an examination into their knowledge of physical diagnosis, conducted by the chief examiner or some one qualified and duly authorized by the company. It may be urged that this is not practicable, and perhaps it is not; but at all events some other than the present method should be devised.

Secondly, I incline to the opinion that insurance companies would secure better examiners if they paid better fees. To this it has been objected that as a matter of fact they get better work now at three dollars than they used to at five, because it is done by active, hustling young doctors eager to distinguish themselves and to get work. This may be so, but if insurance companies would have examinations of the heart upon which they could depend, they should pay fees sufficient to command the services of authorities in our great medical centers. By this means errors would be less frequently made in the acceptance of unfavorable risks.

On the part of the rank and file of examiners there is reason for distrust of their reports because of their incompetency or their carelessness. There is often a temptation to do careless work when the examiner knows that the agent with an eye on his commissions is likely to throw the most of his patronage in the way of the examiner who rejects the fewest risks. You are all familiar with such instances. Some ten years ago an examiner who was inclined to refuse the application of a certain man because of a cardiac murmur sent him to me for my opinion. I agreed with the examiner and reported unfavorably on the risk; whereupon the agent took the applicant to a second examiner, who listened to the heart through the shirt, failed to detect the murmur, and passed the risk. With competent and careful examiners such things could not occur.

Now let me pass on to the reasons why the attitude of insurance companies is unjust toward applicants whose hearts or pulses are not up to the standard. In the first place, we all know individuals who, although their hearts are defective, are nevertheless better risks than some who are already insured. It is no reason *per se*, because a young man has a compensated mitral regurgitation and is otherwise in good condition, that he should not live out his expectancy. Indeed, I can recall a case of a woman who had a mitral insufficiency for nearly or quite fifty years, and another female who, with pulmonary regurgitation at the age of fifty-eight, gave a clear history of the disease having lasted since her eighth year.

Even in so serious an affection as aortic incompetence a comparatively long life is not impossible. I knew a man who when he died of this disease at forty-six had certainly had it for thirty-one and perhaps thirty-four years. Of course I would not recommend even as substandard risks individuals with such grave lesions as this; nor would I limit my recommendation to cases of compensated mitral regurgitation. There is no valvular disease in which the prognosis is so good as pure and uncomplicated aortic stenosis of inflammatory origin in a young man. It is far otherwise with this relatively rare form of valvular disease when it occurs in persons of middle age or beyond. In such it may be of sclerotic origin, and the prognosis is bad. Therefore, other things being equal, I should have no hesitation in recommending for insurance on an under-average rating a young man with a moderate, thoroughly compensated aortic stenosis.

Let us now consider the instructions to examiners concerning the pulse. Tachycardia of ninety or even one hundred is often due to the perturbation of an examination, and in such a case often subsides before the examination is over, or upon a subsequent sitting. But this is not always so, for some excitable people will have a rapid pulse every time they visit the doctor. Moreover, as stated by authors, a pulse of a hundred is natural to some individuals and is by no means an indication of heart disease. Of course, a pulse-rate habitually in excess of a hundred is suspicious, to say the least.

Bradycardia, or a pulse below fifty, is likewise no evidence of cardiac disease, since it may be natural to some people, as was the case with Napoleon Bonaparte. He could not have been insured because his pulse-rate was habitually forty, and yet his death was due to causes not connected with the heart. As tachycardia may be due to some poison like tea, coffee, or tobacco, so an abnormally slow pulse may be caused by some toxemia, and not necessarily by organic disease either of medulla or heart.

[*Concluded in next number.*]

*An address delivered before the Chicago Society of Life Insurance Examiners, Jan. 24, 1898.

LANCASHIRE INSURANCE COMPANY.

From the report of the directors at the forty-sixth annual meeting of the Lancashire in Manchester, we extract the following particulars relating to the fire department :

FIRE ACCOUNT.

	£	s.	d.
Premiums received after deduction of re-assurances	700,832	0	8
	£700,832	0	8

	£	s.	d.
Losses by fire (after deduction of re-assurances)	419,833	9	3
Expenses of management	117,634	16	11
Commission	118,088	2	6
Foreign State taxes	11,848	0	2
Surplus carried to profit and loss account	33,427	11	10
	£700,832	0	8

PROFIT AND LOSS ACCOUNT.

	£	s.	d.
Balance from last year	3,434	10	2
Fire insurance and general reserve funds at beginning of the year	288,000	0	0
Interest and dividends	14,033	4	2
Surplus from fire business	33,427	11	10
	£338,895	6	2

		£	s.	d.
Dividends to shareholders—				
Amount paid November 16, 1897	£6,824 13 0			
Amount payable May 26, 1898	10,236 19 6			
		17,061	12	6
Income tax		602	7	2
Fire insurance and general reserve funds		318,000	0	0
Balance carried forward		3,231	6	6
		£338,895	6	2

SUPERINTENDENT VAN CLEAVE, of Illinois, has issued a license to the People's Life Insurance Company of Springfield, Ill. The capital stock is $100,000.

THE plate-glass underwriters are said to be about to get together because they are feeling the twinge of competition as well as seeing an advance in the price of glass.

NOTICES.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.
POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, JULY 20, 1898.

THE latest information as to the transfer of the Firemen's Fire Insurance Company, of Boston, is that the business goes to the Hartford, of Connecticut, and not to the Ætna, as stated previously.

THE Supreme Court of Wisconsin having decided that the Travelers Insurance Company was liable to that State for taxes on both its accident and life business, that company has paid the State the sum of $36,145, and ended the contention without recognizing the justice of the demand.

ASSISTANT SECRETARY JOHN E. MORRIS has been promoted to be Secretary of the Travelers to succeed the late Mr. George Ellis, as well as elected a director—a recognition of 35 years service, well deserved by faithful attention and intelligent work for that company. He has our congratulations as well as the company.

THE litigation between J. W. Dusenbury and the Michigan Mutual Life has been brought to an end by the sale and transfer of Mr. Dusenbury's 1238 shares of stock to an English syndicate for the sum of $116,000. Notwithstanding the condition that the case now before the U. S. Supreme Court on the Michigan minority stockholders law, is to be prosecuted to final judgment, this sale and transfer closes all litigation between the company and Mr. Dusenbury.

LIEUTENANT HOBSON has been exchanged, and throughout the country there has been an expression of joy which no man so young has heretofore won, not only among his countrymen, but all over the world. If he carried $10,000 life insurance in the Union Central as said by the *Insurance World* and $5000 in the New York Life, as stated by the *Vigilant*, he was as prudent as he was brave. In unison with the public rejoicing at his exchange, we voice the hearty congratulation of the Underwriters of the United States at the success of his unparalleled heroism and his escape from the Spaniards.

ONE of the most enjoyable features of the next meeting of the National Association of Life Underwriters will be the proposed visit to the Yellowstone Park.

Mr. A. W. Murton, chairman of the Transportation Committee of the National Life Underwriters' Association is endeavoring to consummate plans for a trip to Yellowstone Park after the annual meeting to be held at Minneapolis in August. They are promised by the Northern Pacific Railway Company a special train consisting of baggage car, dining car and Pullman vestibuled sleeping cars. This train will leave Minneapolis in the evening and arrive at Cinnabar at the boundary of the Park the second morning thereafter. At Cinnabar the Yellowstone Park stages are taken and Mammoth Hot Springs reached for lunch.

The next five days will be spent in riding through the park and visiting the geysers, waterfalls, paint pots, canyons, Yellowstone Lake, etc. This ride will cover more than 150 miles in the most comfortable coaches constructed especially for this travel.

The price for the complete tour—railway and stage coach fares, sleeping car berths, meals on dining cars and hotel accommodations in the park—has been placed at one hundred dollars, even money. In order to secure this special train and special rate it will be necessary to have at least one hundred passengers. The committee must know as soon as possible what the chances are for securing this number. Upon responses to this notification will depend entirely the feasibility of the project. On the return the special train will leave Cinnabar in the evening, arriving in Minneapolis the second morning thereafter in time for breakfast.

Those who wish to thus make the park trip should at once communicate with A. W. Murton, Chairman Local Transportation Committee, 400 Oneida Block, Minneapolis, Minn.

LIFE INSURANCE AND WAR, AGAIN.

The *Insurance Herald* takes exception to the elementary principles of the law of war, as briefly stated in the last number of this paper. Neither our contemporary nor ourselves have any power in shaping those laws; both must accept them as they are laid down by the recognized authorities. For ourselves we selected, in brief, the statement of the principles as made in the commentaries of Chancellor Kent. If those principles define the laws of war as precluding and forbidding the transactions of life insurance business by the citizens of one belligerent with the subjects of another, it is not this paper which is responsible, but those laws which in time of war rise paramount to all the beneficence of life insurance.

Our contemporary must remember that all the humanity with which modern warfare is conducted had to be specifically recognized by those laws before it became operative. The Red Cross Society exists by convention between nations, and not because of its inherent humanity. Until life insurance shall be recognized in the same manner, as rising above the demands of the necessity of war, its continuance is as illegal as any other trade;—it is that hope which prompted this discussion.

It is not within the power or province of a life insurance company, however much the principles of mutuality may indicate perfect equality of rights and privileges, to abate the operations of those laws. Not only are laws silent in the conflict of arms, but rights and privileges sink into abeyance while the struggle for existence wages on the field of battle. The theory of mutual life insurance must, like all theory and practice in commerce, cease its operations during war; but that cessation does not imply the destruction of the mutuality of life insurance. It requires only its abeyance during conflict, to be reinstated and resumed by the treaty of peace.

The collection of debts between the citizens of belligerent nations ceases during war. Life insurance is nothing more than a collection of debts, and whatever may be the latent charity and beneficence underlying the policies, they are in law only evidences of debt. When our Revolutionary War with England ceased, the treaty of peace revived the obligations of indebtedness, and provided for their enforcement and collection, which the Supreme Court of the United States sustained as above all the confiscation and sequestration laws of the States.

There has been no denial on our part that "if the Spanish members found themselves deprived of their employees by outbreak of hostilities, they could not take charge of the business, investments, and securities in Spanish jurisdiction and hold them and administer them as being their own securities for contingencies under their agreements with other members."

We do not dissent from that extract; but when the convention which shall settle the terms of peace comes to consider the acts of either belligerent during the war, the rights of all innocent persons would be considered, and as far as possible fully provided for.

The laws of war do not demand that Spanish policyholders in American life insurance companies should be permanently deprived of the rights they enjoy by mutuality with American policyholders in the same organization. Those laws only require that during the conflict the relation of mutuality and the rights which result from it shall cease and remain *in statu quo ante bellum* until the convention for peace shall reinstate all rights.

Our contemporary may yet find itself a little "too previous" in saying "that the United States is not fighting for conquest or glory." The expedition to the Philippines, and that threatened to Porto Rico, have "conquest," and not humanity, for their object. And the grim determination of the people to seize and hold all that is possible is a denial of our contemporary's assertion. Neither will the conquest which follows our expeditions be "barbarity," but the rescue of peoples from barbarism. The United States are now at war for exactly the same reasons which have ever urged nations and peoples into war: their own good, as they understand their interest. The thin veil of humanity which was thrown over the declaration of war, deceived no one. This country resolved on war, as the only means of expelling Spain from Cuba, because Spain in Cuba was our detriment; and our people also resolved to have indemnity for the past and security for the future out of Spain's other possessions. This war with Spain being, therefore, like all other wars between nations, there exists no legal excuse or reason for contending that the present laws of war do not apply to life insurance business.

We are discussing this question without reference to the embarrassing position in which American life insurance companies, doing business in Spain, found themselves at the outbreak of hostilities. No official declaration by those companies has been made, that we have seen. It would have been imprudent to make any official declaration, and the highest prudence was to let matters drift during war, and await with perfect assurance that the United States authorities would throw over those companies the protection which victory would enable them to enforce.

We ventured upon this subject with the hope that its discussion now, and the *exposé* that the laws of war were inimical to the operation of the beneficence of life insurance, would attract the attention of our State Department and prepare the way for some recognition in the treaty of peace which would lead to a general recognition by all nations—that during war the operations of life insurance should no longer follow the inhibition of the laws of war.

THE Illinois Supreme Court, in the Case of Lehman *v.* Clarke, Receiver, etc., through Phillips, C. J., has decided a case of great importance to assessment insurers, the gist of which is that a receiver cannot collect assessments, and that the law "did not contemplate the making of an assessment after the association had been found unable to longer properly serve its purpose," and the opinion adds, "it is true that a receiver having been appointed by the court, the court has power independent of any statute to order him to collect assessments, but that power does not change the character of the contract between the association and the member, and make the member a debtor, who by his contract is not so," and then the court, mournfully as it were, tells the outcome of assessmentism. "When such association or society, for any reason becomes unable to properly carry out its purpose, *some must lose*. *All must lose* except those that died and were paid before the association became disabled. Those that have died and not been paid should have all that is left, and lose the balance; those who continue to live get nothing and lose all."

It is "so nominated in the bond," and the "mistakes or mismanagement, which caused the ruin, if fault of the members at all, was as much the fault of the dead as of the living, and was equally the misfortune of all." A system which brings equally misfortune to all—dead and living—should be avoided by all. The old-line system with its assets secured by the best market securities, and as low-priced as safety will admit, offers to the victims of assessmentism a harbor where none "*must lose*."

WAR TAX ON FIRE INSURANCE.

A table of stamps required by the War Revenue Law, from $2.00 of premium to $101.50, has been prepared by Mr. J. L. Whitlock, general agent in Chicago, of the Glen's Falls Insurance Company. This table will be found of great use to all companies and agents, as the stamp required for every premium can be readily found. Mr. Whitlock has done a good service in preparing this table, which is full, correct and accurate:

Prem.	Tax. cts.	Prem.	Tax. cts.	Prem.	Tax. cts.	Prem.	Tax. cts.	Prem.	Tax. cts.
$2.00	1	$22.00	11	$42.00	21	$62.00	31	$82.00	41
2.50	1½	22.50	11½	42.50	21½	62.50	31½	82.50	41½
3.00	1½	23.00	11½	43.00	21½	63.00	31½	83.00	41½
3.50	2	23.50	12	43.50	22	63.50	32	83.50	42
4.00	2	24.00	12	44.00	22	64.00	32	84.00	42
4.50	2½	24.50	12½	44.50	22½	64.50	32½	84.50	42½
5.00	2½	25.00	12½	45.00	22½	65.00	32½	85.00	42½
5.50	3	25.50	13	45.50	23	65.50	33	85.50	43
6.00	3	26.00	13	46.00	23	66.00	33	86.00	43
6.50	3½	26.50	13½	46.50	23½	66.50	33½	86.50	43½
7.00	3½	27.00	13½	47.00	23½	67.00	33½	87.00	43½
7.50	4	27.50	14	47.50	24	67.50	34	87.50	44
8.00	4	28.00	14	48.00	24	68.00	34	88.00	44
8.50	4½	28.50	14½	48.50	24½	68.50	34½	88.50	44½
9.00	4½	29.00	14½	49.00	24½	69.00	34½	89.00	44½
9.50	5	29.50	15	49.50	25	69.50	35	89.50	45
10.00	5	30.00	15	50.00	25	70.00	35	90.00	45
10.50	5½	30.50	15½	50.50	25½	70.50	35½	90.50	45½
11.00	5½	31.00	15½	51.00	25½	71.00	35½	91.00	45½
11.50	6	31.50	16	51.50	26	71.50	36	91.50	46
12.00	6	32.00	16	52.00	26	72.00	36	92.00	46
12.50	6½	32.50	16½	52.50	26½	72.50	36½	92.50	46½
13.00	6½	33.00	16½	53.00	26½	73.00	36½	93.00	46½
13.50	7	33.50	17	53.50	27	73.50	37	93.50	47
14.00	7	34.00	17	54.00	27	74.00	37	94.00	47
14.50	7½	34.50	17½	54.50	27½	74.50	37½	94.50	47½
15.00	7½	35.00	17½	55.00	27½	75.00	37½	95.00	47½
15.50	8	35.50	18	55.50	28	75.50	38	95.50	48
16.00	8	36.00	18	56.00	28	76.00	38	96.00	48
16.50	8½	36.50	18½	56.50	28½	76.50	38½	96.50	48½
17.00	8½	37.00	18½	57.00	28½	77.00	38½	97.00	48½
17.50	9	37.50	19	57.50	29	77.50	39	97.50	49
18.00	9	38.00	19	58.00	29	78.00	39	98.00	49
18.50	9½	38.50	19½	58.50	29½	78.50	39½	98.50	49½
19.00	9½	39.00	19½	59.00	29½	79.00	39½	99.00	49½
19.50	10	39.50	20	59.50	30	79.50	40	99.50	50
20.00	10	40.00	20	60.00	30	80.00	40	100.00	50
20.50	10½	40.50	20½	60.50	30½	80.50	40½	100.50	50½
21.00	10½	41.00	20½	61.00	30½	81.00	40½	101.00	50½
21.50	11	41.50	21	61.50	31	81.50	41	101.50	51

We also append, for the convenience of agents, the circular issued by the Governing Committee of the Western Union for the guidance of agents under the War Revenue Law:

The war revenue law becomes operative as regards insurance companies transacting a fire and tornado business on the 1st day of July, 1898. The particular provision referring to our business is found under the head of "Stamp Taxes," reading as follows: "Each policy of insurance or other instrument, by whatever name the same shall be called, by which insurance shall be made or renewed upon property of any description (including rents and profits), whether against peril by sea or on inland waters, or by fire or lightning, or other peril, made by any person, association or corporation, upon the amount of premium charged, one-half of 1 cent on each dollar or fractional part thereof." Section 12 of the law provides that the stamps for affixing to policies, checks, drafts, receipts, and other documents taxed under the provisions of the law shall be sold by the commissioner of internal revenue, through the internal revenue collectors of any district, through the assistant treasurers of the United States, or through such banks as may be government depositories; or, in places where there is no collector, sub-treasurer, or government depository, that they shall be sold through the postoffice. Section 9 of the law provides, "That in any and all cases where an adhesive stamp shall be used for denoting any tax imposed by this act, the person using or affixing the same shall write or stamp thereon the initials of his name, and the date upon which the same shall be attached or used, so that the same may not again be used." In order to comply with the provisions of this law it will be necessary, therefore, for you to purchase through some internal revenue collector, sub-treasurer, or bank designated as "government depository," or through the postoffice, internal revenue stamps, which will be on hand on or before July 1, and to attach to each policy a stamp or stamps for the amount of tax as required by the law, which is, as stated, one-half of 1 cent for each dollar of premium charged. Stamps for the odd half cent will be on sale. For ready reference we give you the following table as an illustration:

When the premium is $1 or less, attach to policy a ½-cent stamp.
Over $1 and not exceeding $2, attach to policy a 1-cent stamp.
Over $2 and not exceeding $3, attach to policy a 1½-cent stamp.
Over $3 and not exceeding $4, attach to policy a 2-cent stamp.
Over $10 and not exceeding $11, attach to policy a 5½-cent stamp.
Over $50 and not exceeding $51, attach to policy a 25½-cent stamp.

And so on, according to the same rule, for any sum. Please note that indorsements for which additional premium is charged must necessarily be stamped on the same basis as the original policy; that is, stamps must be affixed for tax on amount of additional premium charged. If you have issued policies which take effect on and after July 1 they are subject to this tax, and such as have gone out of your possession must be immediately recalled and stamped. When changes are desired in policies for which no additional premium is required, it will be economy to make them by indorsement (instead of cancelling to rewrite), as such indorsements will not be subject to the stamp tax. In Schedule "A," under the head of "Mortgage, or pledge of lands, estate or property," it is provided "that upon each and every assignment of a mortgage, lease, or policy of insurance, a stamp duty shall be required and paid at the same rate as that imposed on the original instrument." This means a duplicate tax in a case where a policy is assigned in whole or in part, and as assignments and transfers of policies are made purely as an accommodation to, or in the interest of, other parties (no additional consideration being received by the companies), the stamp tax in such cases must be paid by the assured, or by the person in whose interest the assignment is made. Under the provisions of this act all documents required to be stamped from which the stamps have been omitted "shall not be competent evidence in any court." (See section 7.) We therefore urge upon agents the importance of seeing that stamps are attached and properly canceled.

Make a separate charge in each monthly account current of the cost of stamps used on policies issued and accepted during the month covered by said account. In no instance must charge for revenue stamps be combined with postage charges or other items. Agents are not permitted to buy and charge in account a stock of stamps to be used in the future. Agents are cautioned not to sign or attach a stamp to any policy before knowing positively that the assured will accept same. Companies cannot afford to pay for stamps on policies returned "not taken." Agents should carefully note the penalties prescribed for failing to observe the requirements of this revenue law, namely, a fine of not exceeding $100 for each offense.

The committee of the New York Board are advised that the collector of internal revenue of that district has expressed the opinion that binders issued in advance of policies are not subject to the stamp tax.

In the judgment of the committee every certificate of insurance issued in connection with a policy, either specific or open, requires a stamp, which, being a duplicate tax, should also be paid by the assured.

THE Supplemental War Revenue Bill, which passed the House of Representatives was referred by the Senate Finance Committee to a sub-committee consisting of Senators Platt of Connecticut, Chilton of Texas, and Jones of Arkansas. The supplemental bill contained a clause explanatory of the provision of the War Revenue Bill, by which "casualty, fidelity and guarantee insurance companies carrying on said business solely for their own protection, and not for profit, and having no capital stock," should be exempted from the tax of one-half of one per cent on each dollar of premium charged, which was imposed by the War Revenue Law on like concerns.

The sub-committee of the Senate Finance Committee recommended the postponement of the supplemental bill to the "more convenient season" of the next session. It is the opinion of the sub-committee that the officials of the Internal Revenue have ample authority to construe the War Revenue Law as to mutual casualty companies in the manner presented in the supplemental bill.

This fact, together with another fact, that the supplemental bill would give rise to debate in the Senate, which all are desirous of avoiding at that stage of the session, influenced the sub-committee to recommend the postponement until the next session. It was not the intention to impose the tax on mutual companies, but to include them with mutual fire companies in the exemption from the tax.

THE Association of Life Insurance Medical Directors met in Montreal, July 8th, representatives being in attendance from various parts of the United States and Canada. Dr. Pabb, of Richmond, Va., is the presiding officer, and among the other members who were there were Dr. Tuck, vice-president of the New York Life; Dr. Vanderpool, Dr. White, Dr. Emory, Dr. Grant, and Dr. Brennan, all of New York; Dr. Northcote, Portland, Me.; Dr. Shephard, Hartford, Conn.; Dr. Devendorf, Detroit; Dr. Burrage and Dr. Holden, Newark, N. J.; Dr. Rex, Philadelphia; Dr. Frank Wells and Dr. Homans, Boston; Dr. Clark Davis, Cincinnati, etc.

Local Matters.

DIVIDENDS.

The Howard Fire Insurance Company of Baltimore has declared a semi-annual dividend of three per cent.

The Maryland Fire Insurance Company of Baltimore has declared a semi-annual dividend of three per cent.

The National Fire Insurance Company of Baltimore has declared a semi-annual dividend of three per cent.

The German-American Fire Insurance Company of Baltimore has declared a semi-annual dividend of three per cent.

The American Fire Insurance Company of Baltimore has declared a semi-annual dividend of four per cent.

The Associated Firemen's Insurance Company of Baltimore has declared a semi-annual dividend of four per cent.

The Home Fire Insurance Company of Baltimore has declared a semi-annual dividend of five per cent.

The German Fire Insurance Company of Baltimore has declared a semi-annual dividend of five per cent.

The jury of the United States Circuit Court before Judge Morris rendered a decision, in the case of the Executors of the Estate of William R. Percy *v.* Fidelity Mutual Life Association of Philadelphia, in favor of the plaintiff for $26,125.

The American Bonding and Trust Company and Fidelity and Deposit Company of Baltimore have issued a joint bond of $500,000 on the city treasurer of St. Paul, Mr. C. L. Horst, after a lively competition with other companies and at a higher rate. The combined financial strength of the two companies was an important element in the award of the bond.

The Board of Directors of the Maryland Casualty Company held its regular meeting Tuesday, July 12th inst. President Stone presented a very gratifying report of the business transacted since the organization of the company four months ago. He also announced the completion of arrangements with Mr. Andrew Freedman, of New York, to represent the company in that city and State, and that the company is already efficiently represented in nearly all the States east of the Rocky mountains, and doing a very considerable volume of carefully selected business at satisfactory rates.

The President and Executive Committee recommended that the capital stock of the company be increased from $250,000 to $500,000, and the cash surplus from $100,000 to $200,000. Appropriate resolutions approving this recommendation, and calling a meeting of the stockholders to take the necessary legal action, were adopted. The stockholders' meeting will be held August 11.

The Maryland Home Fire Insurance Company of Baltimore, has sent the following notice to their agents. That part which guarantees a *dividend of* 5 *per cent* is a new departure in fire underwriting, which the experience of the companies composing the National Board would not justify. However, the Maryland Home, of Baltimore, may have some exceptional advantages which the directory understand and upon which they rely for that profit which will justify the guaranty of the dividend.

I beg to advise you of the resignation of Col. Clarence Hodson as president of our company, who has served us so well for the past five years. He feels his other engagements take up so much of his time that he has had to ask to be excused.

We have been fortunate in securing as his successor, Col. Washington Bowie, who is a gentleman well known throughout the State of Maryland. He has been Deputy Surveyor of Customs for the Port of Baltimore, and brings with him a long business experience, which we think will be of vast help to our company. We will still have the help and friendship of our late president, as he remains as a member of the Executive Committee and General Manager of the Company.

We have recently effected an arrangement with some old Baltimore agents whereby we will get a large volume of business in the city of Baltimore, upon brick buildings and their contents. This will greatly add to our premium receipts.

I beg once more to advise you that subscriptions to our capital stock will be received at par until July 1st. As this stock sells at $10 per share and a dividend of 5 per cent is guaranteed, every agent should own some stock. If such would be agreeable to you we should be pleased to have your subscription within the prescribed time.

The Maryland Casualty Company of Baltimore are slowly but surely establishing good agencies in all of the large cities. President Stone has appointed Hon. Allan C. Durborow general agent for the States of Illinois, Indiana, Iowa, Missouri and Southern Wisconsin, with headquarters in Chicago. Mr. Durborow was the leading spirit in the effort to secure the World's Fair for Chicago, which resulted in the fair being located in that city. Subsequently he served as Representative of the Twelfth Illinois District, which is one of the west side districts in the city of Chicago, for two terms in Congress. He probably has as wide an acquaintance among influential business people in Chicago and the rest of his territory as any other one man. His personality is particularly pleasing, and the company is to be congratulated upon obtaining a man of such influence, intelligence and integrity. President Stone appointed Mr. Edward S. Curtis as Adjuster of Claims for the same territory. Mr. Curtis was for a number of years with the Chicago Street Railway Company; later for quite a period with the Fidelity and Casualty Company of New York, and then with the Union Casualty Company of St. Louis, from which company he recently resigned. He served all these corporations in the capacity of Claim Adjuster, and his reputation for such work is probably second to that of no one else in this territory. The Chicago office will be equipped in the most efficient manner, both as to men and appliances. The Inspection Division will be particularly strong and thorough.

Important results are likely to follow the decision of the Maryland Court of Appeals in the Rasin Fertilizer Company's case with the receiver of the Commonwealth Mutual Fire Insurance Company of Massachusetts.

That insurance company had not complied with the provisions of the Maryland law;—in other words, it was not admitted to do business in Maryland. Nevertheless, through a chain of brokers in Baltimore, New York and Boston, it insured the property of the Rasin Fertilizer Company and received therefor the premiums.

The Massachusetts company went into the hands of a receiver, who proceeded to collect assessments of the insured under the provisions of the Massachusetts Mutual Company's act. The insured, the Rasin Fertilizer Company, resisted payment of the assessments, and the case came on to be heard on those facts.

The matter in the decision of the greatest importance, is the ruling of the Court of Appeals, that the Massachusetts company, not having complied with the law of Maryland, has no standing in the courts of this State, and can have no recovery of assessments on property insured by it in this State. That ruling having thrown the Massachusetts company out of court, it was "unimportant to consider any other question in the case."

The courts of a State must enforce the laws of the State, and when an insurance company does not comply with the laws of the State it cannot expect the courts of the State to enforce contracts which are illegal in the State. There are many policyholders of this company in Maryland who will avail themselves of this decision to avoid payment of assessments to the receiver.

The case teaches the useful lesson that insurance secured "on the sly" by evading the State's law, is not insurance for either insurer or insured. And it would have been a nice question of law, if the Rasin Fertilizer Company had sustained a loss, whether the Massachusetts company would have been liable for the amount of the policy. It is dangerous to deal in unlawful insurance and, moreover, there is no good sense in risking all for the small saving which one may make by insuring in companies which will not comply with the laws of the State.

Liability underwriters may derive information of use to them from the following facts and decision of a case in the Maryland Court of Appeals, Colladay *v.* The Winkelmann and Brown Drug Company:

The declaration in the case alleged that the plaintiff, Colladay, was employed by the defendant and had charge of the defendant's patent medicine department, on the the second floor of its warehouse; that it was necessary for the plaintiff to receive orders which were given to him by calling in a loud voice from the first floor through the shaft of a dumb-waiter, which was operated in the warehouse, and that on or about the 25th day of November, 1897, the plaintiff, being in the discharge of his duties, and inclining his head towards the shaft of the dumb-waiter, as he was compelled to do in order to discharge his duties, and in order to hear the orders given in the manner aforesaid, was violently struck upon the head by the falling of the dumb-waiter, which fall was caused by the negligence of the defendant in not providing a proper dumb-waiter.

The case was tried before a jury, and, the judgment being for the plaintiff, the company appealed.

The questions considered by the court were two: "Was the defendant guilty of negligence?" and, "Was the plaintiff guilty of such contributory negligence as would warrant the court in withdrawing the case from the jury?" Both questions were decided in favor of the plaintiff.

In the absence of all explanation or refutation of the plaintiff's allegation that the dumb-waiter was not of a proper kind, the court held that the law raised the presumption of negligence on the part of the defendant; and, that it was not contributory negligence on the part of the plaintiff to project his head under that dumb-waiter, since he was not required to look out for danger where there was no reason to expect danger, and where there would have been no danger with a properly constructed dumb-waiter.

It will be apparent to all liability writers that it is preferable to require whistling-tubes, rather than dumb-waiter shafts, where heads are liable to be crushed by a fall, and that the method of conveying orders from one floor to another, in this case, was not "up to date" by any means.

AN important decision of the Court of Appeals of Maryland construing a Massachusetts statute on life insurance has recently been handed down. The facts in the case are that on the 23rd of May, 1877, the John Hancock Mutual Life Insurance Company of Boston insured the life of Paul E. Dorsey in the sum of $2000.

The policy was made subject to the laws of Massachusetts, which provided "that notice of the claim and proof of death shall be submitted to the company within ninety days after the decease."

On June 1, 1877, Paul E. Dorsey, with the assent of the company, assigned the policy to his brother, Dan. Dorsey, who died in Baltimore City in 1885, leaving his estate to his children and grandchildren, one of whom was Joseph Dorsey who fully administered his father's estate, and as executor assigned the policy to himself individually, also with the assent of the company, with the understanding, however, that upon the death of the assured the proceeds of the policy were to be divided according to the respective interests of the parties under his father's will. Joseph Dorsey, with his own money, paid the premiums which up to the time of his death amounted to $1002, and in addition to this, under his father's will, had a fifth interest in the policy.

In 1891 Joseph Dorsey became insolvent and James W. McElroy, the plaintiff in the case, was appointed his trustee. The premium due 22nd of May, 1895, was not paid, but the payment of premiums prior to that time, it is admitted, kept the policy in force until May 22, 1896.

Paul E. Dorsey, the insured, died at the Home of the Incurables, in New York, on June 19, 1895, but this fact was unknown to his relatives for nearly a year after, at which time one of them, Annie I. Dorsey, notified the company, which sent her blanks for proof of death, which were filled up at first defectively, when others were sent which the company accepted and retained.

On October 16, 1896, about four months after proof were forwarded, the company by letter stated that it would recognize no claim under the policy because proofs of death were not furnished within ninety days as required by the Massachusetts statute—offering, however, a certain sum in compromise. James W. McElroy, trustee, brought suit.

The company's defenses were:

1. That there was no sufficient title in the trustee to warrant him to maintain an action for the recovery of the policy.

2. That it was mandatory upon the part of the representatives of the assured "to have furnished proofs of his death within ninety days after his decease"; and

3. That there had been no waiver by the company of its rights under the contract.

The lower court decided against the trustee, as plaintiff, and in favor of the company, which decision the Court of Appeals has reversed, holding that the trustee was the proper party to bring the suit, and that having properly made a demand upon the company for the payment of the policy as soon as the information of its existence came to him, neither upon reason or authority should he be bound by the ninety-day provision of the Massachusetts law, that rule only applying to ordinary cases where the existence of the policy and the death of the insured were known, or might or could have been known in time to comply.

The court further held that there was ample evidence of waiver by the company of the ninety-day clause.

A new trial was necessarily awarded the trustee, because the judgment below was against him.

CORRESPONDENCE.

LETTER FROM ATLANTA.

The "Dickey" bird tells us that it is being whispered around amongst the managers and specials in the fire insurance line that Major Livingston Mims is contemplating entering the fire business in the very near future. It is said that several companies have offered the major their Southern department, and that he has been seriously considering one offer recently made to him. Though the major is not perhaps as young as some of the managers in the Southern field, he has as much energy as any of them, and there is not one who is more popular with the agency force of the Southern States. He has been in touch with them for the past thirty years, and it would be little or no trouble for him to rally around him an agency force second to none in this field. It is the wish not only of the local agents, but as well the managers, that the major will decide to re-enter the field. His bright, genial and lovable nature carries sunshine with it always. His presence would be an inspiration and a pleasure to all.

Mr. Donald M. Bain, a prominent citizen of Atlanta, Ga., has been appointed to the Local Atlanta Agency of the Rochester-German Fire.

Mr. Orth H. Stein, who for a long time edited *The Looking Glass*, a weekly at Atlanta, will issue the first edition of his new insurance journal on the 15th of July.

Atlanta's semi-monthly insurance journal, *Insurance Gossip*, has changed its name to *The Southeastern Underwriter*. Mr. W. E. Evans is its editor.

Mr. Peyton Douglas, who was the secretary of the Manufacturers' Mutual which retired from business, and who later has acted as the Atlanta local agent for the Scottish Union and National, has given up the agency of this company, and announces that he will permanently retire from the fire field altogether. He will in future devote his time and ability to the manufacturing business.

It has been stated by some that the Rochester-German, which has recently entered the Southern field and placed Mr. L. Harry Willcox as Southern special, has been offering local agents a larger commission than 15 per cent to represent them. As this company is a member of the S. E. T. A. such an announcement caused a great deal of talk. However, it has been vigorously denied by Special Willcox, who says that his company is a member of the association and will strictly abide by its rules.

The well known real estate and loan agents, Messrs. Barker & Holleman of Atlanta, Ga., have entered the local fire insurance field, accepting the second agency of the Rochester-German.

President T. H. Bowles, of the National Association of Life Underwriters, has invited President Livingston Mims of the Georgia association, to make an address at the next annual meeting of the National Association. Major Mims has not as yet decided as to whether he will accept the invitation. It is the hope of all that he will do so, for he is one of the most eloquent men in the South, and would make a speech that would sparkle with eloquence and brilliancy.

Captain Edward S. Gay, of the S. E. T. A., has been invited to make an an address before the annual convention of the National Association of Local Fire Insurance Agents, at their meeting to be held in Detroit, on July 15 and 16. President Gay could not accept the invitation, as he had a previous engagement for that date. The S. E. T. A. will, however, be represented.

Hon. William A. Wright was re-nominated Comptroller and Insurance Commissioner for the State of Georgia by the Democratic Convention held in Atlanta on the 29th inst. General Wright did not have any opposition for the office, having given perfect satisfaction to all.

The Kentucky and Tennessee Association has wisely decided not to disturb the compromise settlement made on the Vanderbilt University property made by the local fire agents and companies. The companies on the property have said they were satisfied with the rate agreed upon, so the committee did not deem it proper to further force its authority. The committee acted wisely. Harmony must prevail, if possible. There was a possibility.

It is of material interest to the old members of the U. S. Mutual Accident Association as to the newly talked-of assessment that will be made on them to meet the outstanding indebtedness of that

defunct association. This company had some ten or twelve thousand policies in the Southern States, and nearly every one of them will resist the payment of any assessment. They all feel as if the association was robbed, and they don't feel like paying for other people's robberies. The receiver of this company will meet with a warm reception when he strikes these States for more cash.

At last the city of Savannah is feeling better. The increased rate of 10 per cent which was recently put on in that city by the Association has been removed by the Executive Committee of the Tariff Association, which met in Atlanta during the past week. A representative body of Savannahians appeared before the committee and stated that the city had secured the services of a fire tug and was arranging for many improvements. The cause of this 10 per cent raise was on account of the inefficiency of Chief of Fire Department McGuire, whom the City Council of Savannah had found many charges against, drunkenness, incompetency, etc. The Board of Fire Commissioners whitewashed the charges, being of the same political organization as McGuire. The association asked for McGuire's release. It did not come. Hence the raise in rates. Now that the rates have been reduced to their former figure, McGuire, who is really not fit to be Chief of the Department, will remain at his same post, and fires will still rage in Savannah, much to the detriment of the fire insurance companies doing business in that city. It is a sad state of affairs, but too true, politics rule the day in Savannah.

Mr. F. C. Calkins, who has for a long time acted as Special Agent for the Fireman's Fund, under Southern Manager Wilson, of Macon, Ga., has been appointed to the Southern Special Agency of the Northern Assurance in former Special Agent Ogden's place. As yet the vacancy in Manager Wilson's field has not been filled.

Mr. W. S. Richardson who has for some time acted as Southern Manager of the American Union Life, of New York, has resigned his position with that company to accept a Special Agency of the Equitable, under Managers Perdue and Eggleston, of Atlanta.

The New York Casualty Company have applied for admission in the State of Georgia.

Charleston, W. Va., has increased the tax on insurance companies doing business in that place, from $5 to $15. They are always on the increase. Never, no, never decrease. They have an idea insurance companies are making all the money, and ought to pay for the pleasure of doing it. Oh, you poor misguided souls.

Mr. Fred. C. Fraser who until recently was senior member of the Insurance Agency of Fraser & Jenkins, until Mr. Jenkins' death, has formed a partnership with W. W. Harrallson, under the firm name of Harrallson & Fraser, and have accepted the local Atlanta agency for the Insurance Company of North America, and the State agency for Georgia for the City Trust and Deposit Company, of Philadelphia.

The City Council of Atlanta, Ga., passed an ordinance a few weeks since taxing all fire insurance agents the sum of $250.00 for doing business in Atlanta, thus raising the city tax from $50.00 per year to $250.00. It seems that some of the larger fire insurance agents originated this bill to endeavor to keep out some of the smaller agencies, the larger ones claiming that so many new fire agencies had been established within the past year that it cut the business up so that none made any money out of it. The smaller agents thought this an injustice to them to literally cut them out of doing business just because their agencies were younger and they did less business, so they wire-worked and went before the council *en masse* with a request for the repeal of the ordinance, and succeeded in getting it repealed. Now there is liable to be a mix up in the local board exchange as the majority of them were in favor of the passage of the ordinance and against its repeal after it had become a law. However, there is no getting around it, it didn't look right to shut our little friends out. It makes a monopoly of the business, and would have been a dangerous precedent for the city council to have set.

Mr. Clarence Angier, who looks after the Mutual Benefit's business in the State of Georgia, and who gets a first-class business for them, too, decided he would like to carry fire insurance as a side line, so he accepted the agency for some two fire companies and took his brother, Wilmer Angier, in as a partner. Mr. Angier did not remain in the fire field more than a couple of weeks, having just announced through the daily papers that his life company took up too much of his time. Mr. Angier is one of the most popular insurance men in Georgia, and does a splendid business for his company. It is a good thing for the Mutual Benefit that he will devote his entire time to their interests.

Mr. W. A. Safford, who for the past three or four years has held down the secretaryship of the Montgomery Fire Board, with much ability, has resigned his position with the board to accept the agency of the Northern Assurance. He is an aggressive agent, and will succeed without a doubt.

The wife of Mr. H. H. Knowles, Florida manager of the Equitable, and also his charming and beautiful little daughter were amongst the passengers who went down on the ill-fated "La Bourgogne." Mr. Knowles is now in Buffalo. Mrs. Knowles made frequent trips abroad to Paris and was on one of these trips when the ship went down. Manager Knowles of the Equitable is a brother of Hon. Clarence Knowles, manager of the Delaware and Pennsylvania Fire Companies for the South, residing at Atlanta.

The Germania Fire withdraws from the Local Board Exchange at Charleston, S. C. Scotts! Watch the fur fly, gentlemen. X. Y. Z.

REVENUE WAR TAX.

To the Editor of the BALTIMORE UNDERWRITER:

Where the spirit of patriotism, love of country and loyalty to the flag is developed among insurance men, managers and agents to as great an extent as among most people, the great detail necessary to the successful prosecution of their business compels them to enter a protest, not against the burden of "War Revenue Tax" so much as against the method of its collection.

A stamp tax based upon an uncertain premium, the stamp to be attached to the policy contract, is certainly a crude and unwieldy method of collecting revenue. Stamps placed on articles that are completed contracts or packages, like deeds, mortgages, checks, drafts, packages of tobacco, proprietary medicines, etc., is a direct direct and simple method of conveying to the coffers of the government the various sums demanded by the "War Tax."

But this simplicity of method does not apply to the placing of stamps on insurance policies. The mere issue of a policy is not a completion of the contract, simply a step in the process. The completion of the contract does not occur until the premium is fully paid, which is sometimes months after the issue of the policy.

Taxes should be levied on material results, supposed to cover profits, not upon the process of obtaining results that may never materialize. Details of taxation should be simple, direct, easy of check-off or verification by all parties in interest, demanding only that the tax should be paid when the deal is completed, or the material results accomplished.

The writer offers a few suggestions for the consideration of underwriters, in line of correspondence already submitted to the Internal Revenue Department at Washington.

Companies are inclined generally to pay this tax as an expense incident to the business (except the life companies). Would it not be possible, through petition to the government, to get a ruling that the tax could be paid in bulk at the Home Office of the various companies on sworn monthly returns of gross paid premiums, on which return the stamp could be placed and cancelled?

Again, if the government should construe the law that a stamp should be placed on each contract, would it not be a compliance with the law to stamp the applications, renewal vouchers, and dailies at the Home Office, as soon as the contract is completed by the payment of the premium.

The applications, renewal vouchers, and the dailies are a part of the contract, and being held at one place, to-wit, the Home Office, the law can be easily complied with.

By either of the above methods the government can easily obtain a check on the tax returns by checking the same with the cash account in the company's office.

The company then will be asked to pay only its taxes on accomplished material results and not upon its process of business, which may miscarry and never result in any return to the company.

Material things and results alone should be the subject of "War Taxation." Sincerely yours, RALPH BUTLER,

Secretary "The Central" of Pittsburg.

THE Norwood Insurance Company of New York retires. Its entire business has been re-insured by the Providence-Washington.

INDUSTRIAL INSURANCE.

Industrial insurance is an effort to provide safe, small insurances on scientific principles for the great mass of the people. Its broad, underlying principles are easy to understand, but the application of them to existing conditions involves difficulties and intricate details which are taxing the resources of great companies, involves also tremendously hard work on the part of able men who are putting all their strength of mind and body into the problems constantly arising and into the conscientious work of improvement and endeavor to reach perfection. These broad, underlying principles are few, and are such as are common to old-line life insurance as regulated by statute in this country. You must have level premiums, sufficient to cover the mortality to be experienced in the class for which the insurance is designed; sufficient to pay the expense of the business, and sufficient to provide the reserve required by law to meet the increased cost of insurance at the increased age of the insured. Weekly payments of premiums instead of quarterly, or even monthly instalments of annual premiums, are a necessity. We may grieve that it is so; no part of the business so greatly increases the expense; but it *is* so, and the part of wisdom is therefore to meet the necessities of the situation and not to worry over them. The history of life insurance is full of the failure of monthly instalment plans. No one of them has ever succeeded, despite earnest and enthusiastic effort. Even the assessment companies have had to abandon in practice monthly assessments. There is no teacher like experience. There is no need even to reason about it. We know that weekly premiums are a success; we know that monthly instalments of annual premiums are a failure. The reasons are grounded in human nature; that is all we can say. Here is a broad fact—and we are dealing with facts. Men feel the need of fire insurance and of life insurance. They will have both. But when we come to the individual man we find that he will seek out fire insurance and run to get a policy; to take life insurance, he must be sought out and the policy must come to him. Why is it? We do not know. We only know it is so and we meet facts as they are. Fraternal societies appoint solicitors and collectors—men will send their premiums to town fire companies, but will wait for the collector to come for their life premiums or assessments. When you call for a monthly premium you won't get it—it is either too large or too small. The industrial policyholders will pay weekly, but not monthly; the more well-to-do will pay quarterly, but not monthly. It is only when we have large policies placed upon men of capital with business habits that we can expect them to send their premiums yearly or half-yearly, and even then they must be asked to do so by notice; a necessity recognized in the non-forfeiture without notice statutes of all the States. Industrial insurance companies, therefore, in their plans of insurance must make provision (1) for the special mortality of the class for whom the insurance is devised; (2) for the statutory reserve which makes the insurance safe; (3) for the expense of placing the insurance and collecting the premiums to keep it in force; (4) for the agents in suchwise that the method of compensation shall tend to prevent lapses; (5) for the proper distribution of surplus.—*Haley Fiske.*

BICYCLE ACCIDENTS.

Six accidents to Philadelphia bicycle riders were reported as having occurred on Sunday and eight on Monday. Of these fourteen unfortunates, two were almost instantly killed, two probably fatally injured and ten more or less seriously hurt. These casualties all occurred either within or near the limits of the city, yet they number more than were reported killed or maimed through the instrumentality of all the railroads in the United States on the same days. If a list of all those daily killed or injured throughout the country while wheel riding were obtainable, it is reasonably sure, from the number hurt in this locality, that it would be appallingly large, and perhaps shake the generally accepted belief that bicycle riding is a comparatively safe means of locomotion. As it is, under the prevailing conditions, there is good reason for believing that more persons are hurt annually through the agency of the bicycle than by almost any other device yet invented.

There are numerous persons of intelligence and discretion who ride bicycles. These obey the laws which govern the progress of vehicles on the road, and heartily approve of their existence. If all mankind were like these people all would be well and very few accidents be recorded. Unfortunately, good judgment and discretion are not any more nearly universal among bicycle riders than among those engaged in any other pursuit. At least a large minority of riders are totally unfit to own a wheel or ride it on the public highways. These are made up of two classes, the smaller of which are inexperienced riders, who, thinking they possess more skill than they have, venture on frequented thoroughfares to the peril of themselves and others, and the larger, who, having skill enough perhaps in the manipulation of their machine, yet seem to consider that the earth was made for them and them alone, and the laws framed only to be contemptuously broken. These are the scorchers, the club runners, who pace the streets on Sundays in closely drawn ranks that extend backward often for a square or more, those who race across street intersections without slackening their pace, and those who push recklessly among pedestrians. It is the reckless and inexperienced who are oftenest the cause of accidents, and unfortunately as often as not they escape free, and some innocent party is hurt.

When used with moderation, and by sensible people, the bicycle affords an enjoyable and healthful recreation, but in the hands of the reckless or inexperienced it is capable of being a veritable modern juggernaut. Indeed, if a complete list of those who are daily killed or injured were made public, it is more than likely that the popular conviction would be that it is such in fact.—*Public Ledger.*

Federal Taxation of Insurance Companies.—The right of the United States to levy a tax upon the gross premium receipts of insurance companies is the most doubtful of all the provisions of the war revenue bill as amended by the Senate. The argument of Senator Lindsay showing how doubtful was the right to tax the gross receipts of the State corporations has increased force as applying to insurance companies. The senator pointed out that corporations (not private in their nature) that were created, established, controlled and regulated by the States were no more liable to Federal taxation than Federal corporations were liable to State taxation. There can be no question that insurance companies are absolutely under the control of the States, their franchises subject to taxation by the States creating them, and they have been conceded to be exempt from all control by the Federal power and to be engaged in neither commerce nor trade. The Federal government does not recognize insurance corporations except as persons entitled to general rights and liabilities as litigants. Their operations have always been matters of direct arrangement between the corporations and the States. And the States have treated insurance corporations as public agencies, just as banks, trust companies and railroads, whose contracts are limited and controlled by law. The States, therefore, have the right to tax their own and the admitted corporations of other States, but the right of the Federal government to tax does not appear. It may, of course, impose stamp-taxes upon contracts. The argument of Senator Lindsay, delivered last week is full of interest to executives. We have no idea that insurance companies desire to escape their share of war taxation, but the method of its levy is of importance as a precedent. If the Federal government can tax the receipts of a foreign or other State company in Kentucky, is it not committed to the maintenance of that company's rights in Kentucky?—*Insurance Herald.*

A question of insurance has been raised, whether trustees (of churches), executors, administrators, and guardians, have a legal right to insure property in their charge in a *mutual* insurance company. The *Review* replies that such insurance is not authorized in New York State and adds: "A liability may arise under the policy which the beneficiaries of the trust fund do not choose to assume, and in such case there is little doubt of their right to repudiate the contract and leave the trustee himself to bear its burdens. There is a very clear distinction between insurer and insured, and an agent who has received full authority to protect his principal in the latter capacity is not thereby authorized to bind his principal as an insurer of the property of others. We believe there is no case in the reports of this State determining the right of a trustee to take out a policy in a mutual company. But in the case of an ordinary agent (and the principle is precisely the same) the Court of Appeals has declared that an agent with full authority to bind his principal by a contract of insurance cannot, in effecting such insurance, subject his principal 'to the hazards of that most unsafe of partnerships—a mutual insurance company.' See 26 N. Y., 117."

ACETYLENE EXPLOSIONS.

Developments have been somewhat retarded with this new illuminant, by the various accidents which have occurred at various times, and under certain conditions. It must be remembered that acetylene is an inflammable hydrocarbon gas, and possesses, by reason of its combustible properties alone, certain properties common to all gases of this series or mixtures of the same. Explosions of illuminating coal gas are common and many of our coal mine disasters are due to the explosion of mine gases; similarly vapors of benzine, dust from mills, factories or coal breakers occasionally inflame and explode under certain conditions. Therefore, the simple fact itself is not an exclusive property of acetylene, but rather that belonging to all combustible material under certain well defined conditions.

The condition referred to is, that sufficient oxygen shall be present and intimately mixed with the gas or finely divided combustible to produce and support combustion after spontaneous or purposive ignition has taken place. Usually this oxygen is supplied by the air; and, therefore, certain definite mixtures of air with various gases are explosive, the latter term indicating that combustion takes place more or less instantly, thereby generating a considerable amount of heat, which, imparted to the gases of combustion, expand instantly and tend to increase in volume to such an extent as to burst the confining vessel or do other serious damage. Thus if we have acetylene confined in a small gas holder such as accompanies some generators, or in the generating vessel itself, it is harmless so long as it is not mixed with air, but as soon as any vent or cover is opened admitting oxygen, the mixture is liable to detonation when an open flame is brought in contact with it. And thus was caused all the explosions of non-liquefied acetylene gas which we have any knowledge of. Carbide is of such good quality that there never will be sufficient phosphorus in the gas to cause spontaneous combustion upon the admission of air to it, and should such a gas be made, it would have such an evil smell that the carbide would be rejected; for the odor of acetylene is due to the phosphureted and sulphureted hydrogen it contains. These impurities exist primarily in the lime and carbon used to make the carbide in the electric furnace.

Let us now take a brief survey of some of the principal accidents that have occurred. In France there have been a number of minor explosions. While brazing a generator which they believed perfectly free from gas, some workmen of Paris were seriously injured, as the vessel was but partially empty and contained the requisite air and gas mixture. At Fecamp a similar accident was caused by a workman soldering a gas holder without taking the trouble to empty it. A café was destroyed at Lyons by a violent explosion due to the carelessness of a boy who had neglected to close a valve on the generator, thus allowing the gas to escape into the room during the night, all ready mixed for ignition by a candle in the morning. At Milan a foolhardy inventor looked for a leak in his apparatus with a lighted candle—and found it, but was dangerously wounded in doing so. While attempting to solder a generator containing a mixture of gas and air, two workmen of Chateauroux were wounded by the resulting explosion. Again, near Toulouse, a tinsmith and his helper were endeavoring to make a generator work, and by their recklessness of consequences caused an explosion which killed both. At Compiegne, in a generator factory, while a generator was being tested, the foreman left the shop for a moment, advising his helper not to approach it with a light. He was scarcely gone before the inquisitive workman lit a candle and approached the apparatus (the bell of which had been removed), and was killed by being struck on the head by a flying fragment. At the restaurant of M. Marignac, at Portet, in Haute-Garonne, the proprietor and another man attempted to clean a generator which had just been installed. He was removing the cover when an explosion occurred, injuring him seriously about the body and legs, while his friend had his right leg maimed.

Another phase of these explosions appears in an explosion at the shop of M. Caron, a bicycle manufacturer of Paris. He sold carbide to supply the acetylene lamps of wheelmen. This carbide was shipped in hermetically sealed tin cans in wood cases, having the top soldered on. While attempting to open this can in the usual way by using a hot soldering iron, he found it was not hot enough and carelessly used the flame of a plumber's lamp instead. The solder melted, but there had been enough moisture in the air inclosed with the carbide to generate some acetylene gas, and this was ignited by the flame of the plumber's lamp. A detonation followed, and M. Caron, who was sitting on the can, was burned about the upper part of his body and his workman was hurt by flying pieces of the can about the head and chest. Although this differs from the other explosions slightly, the cause is the same—applying a flame or incandescent body to a mixture of gas and air. All could have been avoided by ordinary precautions.

In Germany we find similar accidents and in England in less degree. In the United States there are a few examples of note. At Rochester, while working about the safety valve of a galvanized iron gas holder, the experimenter was dangerously injured and a bystander narrowly escaped. It is said that the injured man was bending over the gas holder and was attempting to pull it out, evidently drawing air in at the same time and forming an explosive mixture. The room was dark and a gas jet was burning above the apparatus, the cause of an explosion thus being not difficult to trace. Similarly, at Wilmington, a boy was temporarily left in charge of a generator, and, finding the gas light growing dim, attempted to operate the apparatus. He is supposed to have opened the generator by unscrewing the cover, and to have taken a candle to examine its interior to see where the trouble was. Naturally an explosion followed. It is thus apparent that these accidents were caused by igniting an explosive mixture of acetylene and air, which mixture may contain from 3 to 50 per cent of acetylene, the maximum effect being obtained between 12 and 20 per cent. The range with coal gas is less, beginning at about 8 per cent of gas, and the explosive intensity is not so great.

Acetylene should not be kept under a pressure of more than about 25 pounds per square inch gage pressure, and compressing directly in the generator has been found dangerous, as the temperature generated is liable to cause decomposition; just as acetylene under low pressure has its one great element of danger—explosive mixtures of air and gas—so compressed or liquefied acetylene has its *bête noire*—temperature.

Liquefied acetylene expands remarkably under the effects of temperature, about one atmosphere (15.4 pounds per square inch) for a rise in temperature of about 2° Fah. Consequently, the heat does not have to be very great to cause the pressure in the storage flask to exceed its strength, and it bursts. The liquid at once expands into gas, and expands still further if it comes in contact with fire, or explodes with tremendous violence, if allowed to mix with air before ignition. New Haven the past year witnessed a very destructive explosion of a flask of liquefied acetylene. The evidence indicated that there was a leak in the valve of the flask caused by a fracture, and that the escaping acetylene was ignited by a match or candle used to test the regulators. The escape of gas was evidently larger than ordinary, causing a large development of flame, which heated the flask up to bursting point, and the shop was demolished by the resulting explosion. At Paris an explosion occurred in the laboratory of Prof. Pictet of a similar cylinder, due to improper handling by an employé.

About a month ago the works of the United States Liquefied Acetylene Company, of Jersey City, were demolished completely by exploding cylinders of liquefied acetylene. Although the coroner's report has not as yet been issued, the evidence seems to point to the fact that a flame was seen in the room before the explosion, apparently coming from a cylinder which had been partly filled with acetylene and blown out again to remove any air that may have been contained. This escaping gas must consequently have been ignited somehow, although the witnesses who could have told how, were killed by the explosion. It must be remembered that acetylene gas is readily ignited by a spark, a lighted cigar or pipe, a red hot coal or similar incandescent body, and that carelessness or ignorance of these conditions evidently has caused many accidents. After the first cylinder exploded, the burning gas generated such a high heat that the score of other filled cylinders exploded like a pack of gigantic fire crackers. A boiler was projected through the air to a distance of 200 yards, and earth tremors were felt as far as Staten Island.

These explosions, all of which were more or less disastrous, must one and all be traced to carelessness. A careful man does not go into a cellar in which there is a leaking illuminating gas pipe, carrying a lighted candle; neither does he tumble a can of nitroglycerine off a wagon or throw a lighted cigar into a keg of powder. With the same degree of carefulness, he will not approach a mixture of air and acetylene with a lighted lamp or cigar, nor will he place a flask of liquefied acetylene where any escaping gas will be ignited or the flask itself unduly heated.

A great deal of groundless fear has been induced by the above disasters. As a consequence we still hear about acetylide of copper, although experience and experiment have not corroborated the oft-repeated warnings against it. Similarly phosphureted hydrogen has

caused much disquietude, but thus far no harm has been traced to this substance. However, when the carbide is unusually impure, the gas will have a very decided fetid garlic odor, and the products of combustion, when not permitted to escape, may cause discomfort while breathing it. American carbide is quite free from this defect, and owing to the small consumption of this gas (one-half cubic foot for a twenty-five candle power light as compared with five cubic feet of illuminating coal gas), the formation of vitiated air is slow in comparison. When breathed it is not so poisonous as coal gas. And we may safely state that, if we observe the two necessary precautions of low temperature and keeping an open flame away from the generators and gas holders, this gas is perfectly safe to use.

Therefore, generators should be located in well ventilated places, preferably out of doors, and should be opened for filling and cleaning only by daylight. Liquefied acetylene is scarcely a safe form to use this gas in, as the pressure necessary for liquefaction is at least sixty-eight atmospheres—a pressure that in itself is dangerous and admits of no defective apparatus. Acetone as a solvent has not as yet received sufficient application to judge of its possibilities.—*Scientific American.*

Law Department.

Circuit Court of Appeals, Ninth Circuit.

Thames & Mersey Marine Ins. Co., Limited, *v.* O'Connell.

February 14, 1898.

Marine Insurance—Prohibited Places.

A marine insurance policy warranted a schooner not to use certain ports or places. The schooner left San Francisco bound for Suislaw River, a prohibited place, and, in tempestuous weather, came to a buoy near the entrance to the river, was driven about, and anchored a mile from the entrance, where the chain broke, and the schooner was driven ashore, and wrecked. *Held*, that when the schooner came up to the buoy, with the intention of entering the river, and afterwards anchored one mile from the entrance, it was using places prohibited by the policy, and the insurance company was not liable for the loss.

Gilbert, Circuit Judge, dissenting.

Appeal from the District Court of the United States for the Northern District of California.

Before Gilbert and Ross, Circuit Judges, and Hawley, District Judge.

Ross, Circuit Judge. This is an appeal from a decree given the libelant in the court below. The appellant, who was the respondent there, underwrote a policy of marine insurance on the interest of Thomas O'Farrell, the libelant's intestate, in the schooner Robert and Minnie, against perils of the seas and other perils in the policy mentioned. The policy contained, among other warranties the following:

"(4) Not to use any ports or places on the west coast of America north of San Francisco, nor islands adjacent thereto, except Umpqua and Columbia Rivers, Humboldt, Coos, and Shoalwater Bays, Gray's Harbor, Sitka, Ounalaska, and St. Paul's Harbor, and ports inside the mouth of the Straits of Fuca; not to use any inside passage on the west coast of America north of Burrard's Inlet, nor ports or places on the east coast of Asia, north of Shanghai, nor islands adjacent thereto except ports in Japan; nor to use Torres Straits, nor any guano island, nor to engage in inter-island trade, nor to go on a whaling, fishing, or trading voyage. It shall and may be lawful, however, for said vessel in her voyage to proceed and sail to, touch and stay at, any ports or places, if thereunto obliged by stress of weather or other unavoidable accident, without prejudice to this insurance."

On the margin of the policy this stipulation was written:

"It is understood and agreed that this company is not liable for any claim resulting from using ports or places not allowed by this policy."

While the policy was in force, the schooner under command of O'Farrell, the assured sailed from San Francisco bound to Suislaw River in the State of Oregon, which was a port or place which the assured agreed and warranted that he would not use. It appears from the *Pacific Coast Pilot*, which was read in evidence, that this river was first reconnoitered by the Coast Survey in 1883, when the bar was found to be bad, and had only five feet of water upon it. It could then be crossed only on the flood tide near high water. It was then nearly a quarter of a mile across, and the channel narrow. But in 1887 the bar was found, not only to have changed its location, but from the northernmost point of the cliffs a great sand flat had made out fully three-fourths of a mile to the south, and changed the whole location of the bar. The *Coast Pilot* proceeds:

"It is therefore evident that only a local knowledge will serve to determine the peculiarities of the bar and channel at any time. * * * It is reported that the bar works around from the south to the north as far as possible, and then again breaks out near the south spit. When it is settled toward the north, it is claimed to carry nine feet of water; but that it has been less during the change. There is a sunken rock near the beach about half a mile to the southeast of the south spit."

During the voyage from San Francisco, the schooner was driven by tempestuous weather to a point about 65 miles to the northward of the entrance of the Suislaw River, having passed its entrance about 30 miles to the westward. The vessel then tacked, and proceeded to the southward, her master intending to take her into the river should he be able to secure the services of a tug to tow her in, which he expected would come out for that purpose. There was a buoy located a quarter of a mile outside of the bar, near the entrance of the river, which indicated the entrance to the channel over the bar. The schooner sailed right up to that buoy. The tug could not then come out, on account of the roughness of the bar and the lack of sufficient water thereon at the then stage of the tide. The schooner then stood off to sea about half a mile, and afterwards stood in towards, and came up to, the buoy. She then stood off again for a short time, but lost the wind, and drifted in shore to a point about one mile to the southward of the bar, where the master dropped anchor. Shortly after letting the anchor go, the heavy swell brought such a strain upon the chain that it parted, and the vessel in a few minutes drifted upon the shore, and was wrecked and totally lost. The vessel did not at any time while the policy was in force enter the river, nor was she nearer thereto than about one mile. The above facts were made to appear to the court below by an agreed statement, upon which the cause was determined there and is brought here.

By the fourth clause of the stipulations above quoted, the assured bound himself not to use any ports or places on the west coast of America north of San Francisco, nor islands, adjacent thereto, except Umpqua and Columbia Rivers, Humboldt, Coos, and Shoalwater Bays, Gray's Harbor, Sitka, Ounalaska, and St. Paul's Harbor, and ports inside the mouth of the Straits of Fuca; and by express agreement indorsed on the margin of the policy, it was covenanted that the insurer should not be liable for any claim resulting from using ports or places not allowed by the policy. This contract is the measure of the rights and obligations of the respective parties. Confessedly, Suislaw River was a place the assured was prohibited by the policy from using. Was not the buoy, which stood near the entrance to that river, and within a quarter of a mile from the bar and its immediate vicinity, equally a place the assured was prohibited by the policy from using for the purpose of getting into the river? Was not the point about one mile to the southward of the bar, where the assured dropped his anchor, equally a place the assured was prohibited by the policy from using, under the circumstances appearing in this case? Undoubtedly so; for they are all on the west coast of America, north of San Francisco, and neither of them is Umpqua or Columbia River, Humboldt, Coos, or Shoalwater Bay, Gray's Harbor, Sitka, Ounalaska, or St. Paul's Harbor, or any port inside the mouth of the Straits of Fuca, and neither of the places was so used by the assured in going where, under the policy, he had a right to go. Nor was the assured obliged by stress of weather or other unavoidable accident to sail to, touch, or stay at or near, the buoy, or at or near the Suislaw River, or at or near the point where he dropped his anchor. On the contrary, he was at those prohibited places in pursuance of the intent with which he started on his voyage, and in spite of tempestuous weather, which so far from taking him to the prohibited vicinity, had taken him 65 miles to the northward and 30 miles to the westward of those places. It is idle to say that he did not use the prohibited places, when the agreed statement of facts shows that the assured sailed his schooner "right up to the buoy" in the endeavor to get into the Suislaw River. Was he not "using" this place when he sailed his schooner there? And did he not "use" the place about one mile southward of the bar when he dropped his anchor there? Undoubtedly so. Each of these places and its immediate vicinity was as much prohibited by the terms of the policy as was the Suislaw River, when used, not in going where under the terms of the policy the assured had the right to go, but in the endeavor to enter a prohibited port.

Nothing more, we think, need be said to show that the judgment appealed from is erroneous. It is accordingly reversed, and the cause remanded, with directions to the court below to enter judgment for the respondent on the agreed statement of facts.

Gilbert, Circuit Judge (dissenting). I am unable to concur with the majority of the court in holding that the insured in this case used

the Suislaw River in violation of the stipulations of the policy. It must be presumed that the contract of insurance expressed exactly the risks which the insurance company agreed to assume. The vessel was prohibited from using certain specified ports and places. She was free to go anywhere except to those ports or places. She had the right to traverse the open sea in any direction in going to and from any of the ports which the policy permitted her to use. She undoubtedly had the right to approach as near as possible to the Suislaw River without entering it. For aught that appears to the contrary, her ordinary route to or from some of the permitted ports would take her as near to the Suislaw River as the point where she was anchored when her chain parted, causing her to be drifted ashore. But the opinion of the majority of the court rests upon the fact that, notwithstanding that the vessel was not prohibited to approach that point, her master took her there on this particular occasion, with the intention of entering the Suislaw River. This leaves the decision of the case to turn upon the question of the intention with which the vessel approached the river. It would seem upon principle that no citation of authority would be necessary to sustain the position that the intention or the attempt to enter a prohibited port is not tantamount to using it. If the intention determines, then it would follow that if the vessel had cleared from San Francisco with the intention of entering a prohibited port, and immediately thereafter that intention had been abandoned, and she had been lost on her way to one of the permitted ports, there could be no recovery under the policy. I think that the principle announced in the case of Snow v. Insurance Co., 48 N. Y. 624, should be decisive of this case. In that case the court held that a warranty in a policy of marine insurance not to use a certain port means not to go into it, and that going near or in the direction of the prohibited port is not a breach of the warranty. Said the court by Earl, C.: "A mere intention to violate a policy can never have the effect of an actual violation. The vessel, at the time of her loss, was not sailing in forbidden waters, and, so long as she had not actually reached a forbidden place, the unexecuted intention to reach one cannot avoid the policy." In Wheeler v. Insurance Co., 35 N. Y. Super. Ct. 247, it was held that, where the words "to use" were adopted in a covenant not to use certain ports and places, they meant "to go into a port, harbor, or haven for shelter, commerce or pleasure, and to derive a benefit or advantage from its protection," and that to clear for a port or sail for it is not to use it under the policy, and is not a violation of the warranty. In Insurance Co. v. Tucker, 3 Cranch, 357, a vessel was insured at and from Kingston, in Jamaica, to Alexandria; but she took in a cargo at Kingston for Baltimore and Alexandria, and sailed with the intent to go, first to Baltimore, and then to Alexandria. While on her way, and before reaching the point of deviation from the direct route from Kingston to Alexandria, she was captured. The court held that it was a case of intended deviation only, and that "an intent to do an act can never amount to the commission of the act itself." These authorities and others, in my opinion, sustain the proposition that where in a policy of insurance there is a warranty not to use a certain port, and the insured proceeds towards that port with the intention and in the attempt to use the port, but in fact goes to no point to which he is prohibited from going, and uses no place or port interdicted by the policy, there is no breach of the terms of the policy. It is to be presumed that the precise agreement of the parties has been specified in the contract, and that the vessel is free to go anywhere upon the high seas, or into any port or place except the interdicted ports and places. In this case the vessel was not to use the Suislaw River. It may be assumed that the insurance company declined to insure against the risks that might be encountered in that river, or, perhaps, in crossing the bar at its mouth. The vessel approached no nearer than the buoy, a quarter of a mile outside the bar. She did not use the river, although her master intended and attempted to use it. The policy did not prohibit the intention or the attempt to use it. It prohibited only the use. The contract of insurance has indemnity for its object, and it should be construed liberally to that end. "Stipulations are construed strictly against the party in whose favor they are made." 11 Am. & Eng. Enc. Law, 286; Catlin v. Insurance Co., 1 Sumn. 434, Fed. Cas. No. 2522; Hoffman v. Insurance Co. 32 N. Y. 405; Insurance Co. v. Cropper, 32 Pa. St. 351. I think the decree should be affirmed.

INSURANCE on wearing apparel, jewelry, etc., contained in a specified building, is held, in British America Assurance Co. *v.* Miller, (Tex.) 39 L. R. A. 545, not to cover the property at another place where the family was temporarily staying, although they went there periodically, as the agent knew.

Supreme Court of Rhode Island.

JOHN HANCOCK MUT. LIFE INS. CO. *v.* WHITE *et al.*

April 8, 1898.

LIFE INSURANCE—CHANGE OF BENEFICIARIES—WAIVER OF CONSENT.

1. The provisions in a life insurance policy which permit a change of beneficiaries only with consent of the company is for the benefit of such company; and where it waives such condition, or is estopped from pleading it, and the assured did everything in her power to make a change before her death, although the company did not consent thereto, the substituted beneficiary is entitled to the amount of the policy.

2. Where the insurance company files a bill of interpleader offering to pay the amount of the life insurance policy into court, it will be considered to have waived its right to object to a change of beneficiaries on the ground that it did not consent thereto.

3. Where the insured in a life insurance policy desired to change the beneficiaries, and did everything on her part to make the change, but through the company's negligence, no change was recorded on its books when she died, the company will be estopped from setting up a claim that the change was illegal, because it had not consented thereto.

Bill of interpleader by the John Hancock Mutual Life Insurance Company against John J. White, as administrator, and Margaret Dyer, requiring respondents to litigate their rights to a policy of insurance. Decree for respondent, Margaret Dyer.

Matteson, C. J. This is a bill of interpleader, in which a decree has been entered requiring the respondents to interplead. The policy of insurance, as originally issued, was made payable to the estate of the assured. The application for the policy, however, reserved the right of the assured, with the consent of the company, to change the beneficiary. In pursuance of this right, the assured executed a "beneficial slip," as it is called, by which the policy was made payable to the respondent Margaret Dyer. The consideration for the change between the assured and Mrs. Dyer was that the latter should pay the funeral expenses of the assured, the debts which she owed at her decease, and should retain the residue of the proceeds of the policy as compensation for her care and nursing of the assured during her last illness. This slip was taken to the superintendent of the company in Providence, and by him transmitted to the home office of the company for the consent of the company to the change. Instead of notifying the superintendent of the company in Providence, through whom the beneficiary slip had been transmitted to the home office, that the company did or did not consent to the change, the clerk of the company in the home office sent the slip to the agent of the company in Woonsocket, at whose office the premiums on the policy had been paid, with direction to make inquiry whether the father of the assured was dead—information already possessed by the company. The slip remained in the desk of the agent at Woonsocket for a considerable period, and was then sent by him to the superintendent in Providence, by whom it had been originally sent to the home office. In the meantime the assured had died. The superintendent in Providence returned the slip to the home office of the company. No change in the beneficiary has been recorded on the books of the company. In this state of facts, the amount of the policy, which is the fund in suit, is claimed by the administrator of the assured, and by Mrs. Dyer, in whose favor the beneficiary slip was executed.

We think the latter is entitled to the fund. The assured had done everything that was necessary on her part to change the beneficiary under the policy. That a change was not made was due to the neglect of the company. The provision for the consent of the company to the change was solely for its protection, and therefore one on which it alone can insist. By filing its bill that the respondents interplead, and thereby offering to pay the fund as the court shall determine, it has waived its right to say that it did not consent, and no one else can urge the lack of its consent in its name. Manning *v.* United Workmen, (Ky.) 5 S. W. 385; Titsworth *v.* Titsworth, 40 Kan. 571, 20 Pac. 213. But, if this were not so, we think that the delay of the company after the receipt of the beneficiary slip to act upon it, thereby leading the assured and the respondent Mrs. Dyer to suppose that it had consented to the change, and to continue the agreement which existed between them with reference to care and nursing of the assured, would estop the company from setting up the claim that it had not consented.

ONE entitled to a paid-up policy in proportion to premiums, paid on surrendering his policy, after paying three premiums, if he has not been in default more than six months, is held, in Mutual Life Ins. Co. *v.* Jarboe, (Ky.) 39 L. R. A. 504, to be entitled to such paid-up policy on demand after three payments, if made during his lifetime, although the policy is not surrendered.

MEDICAL DEPARTMENT.

HEART DISEASE FROM THE STANDPOINT OF LIFE INSURANCE.*

BY ROBERT H. BABCOCK, A. M., M. D.

[*Concluded.*]

Even more truly may it be said of arrhythmia that it is not *per se* an indication of cardiac disease. I recall the case of a friend, a young man of about thirty-five, in whom at one time, about ten years ago I found the pulse so irregular and intermittent as to be truly alarming. When I told him so he only laughed and said he knew it was due to coffee and tobacco, and that if he would only give up these his pulse would become perfectly regular. In fact, such proved to be the case later on, and he is still living in this city, an active business man, with, I have every reason to believe, a healthy heart. For these and other reasons it is wrong to reject a risk on the pulse alone without taking into consideration the physical findings of the heart.†

Likewise, a cardiac murmur should not have undue weight attached to it, for as is well known it is the least important, although the most easily recognized, sign of heart disease. It is possible for a patient to have a mitral systolic murmur for years without any symptoms or secondary physical signs of heart disease, the murmur being accidentally stumbled upon during an examination for life insurance. Moreover, the intensity of a murmur is no criterion of its gravity, since a trifling lesion may be attended by a loud bruit, and on the other hand a dangerous one be declared by no murmur at all. More than one instance has been recorded in the last few years of regurgitation through the aortic valves, shown by every other physical sign and found post mortem, yet in which no murmur was heard during life. Therefore murmurs should be estimated in connection with the presence or absence of other physical signs of heart disease.

There is a type of individuals whom I desire to comment on as illustrating the importance of an accurate determination of the relative and not alone the absolute cardiac dulness. These are robus-looking men of large frame and ample chests, who are apt to be accepted as first-class risks. For the most part they are hearty feeders who habitually take an excess of food both in quantity and quality, eating meat three times a day, who take comparative little outdoor exercise, and who are of active mentality or have great responsibility. If the heart of such a man be examined, absolute dulness is usually normal, whereas deep percussion will reveal an increase of relative dulness sufficient to constitute cardiac enlargement. The left nipple is usually taken as the normal boundary of the heart's dulness on the left; yet if in such a broad-chested individual the mammary line be from four to five inches to the left of the mid-sternum and the heart reached to this point, there is already an unduly large heart, or what Frentzel has called Enlargement of the Heart without Valvular Disease.

Owing to his sedentery habits and hearty feeding such an individual develops persistently high arterial tension, and this leads finally to hypertrophy and dilatation of the heart. These are the risks which so often die unexpectedly in the fifties or early sixties of what is called "heart failure." I have seen two or three such instances within the past week. One of them, a man of 43, manager of a large manufacturing interest, consulted me because after an attack said to be la grippe his family physician told him his heart was weak. He gave no symptoms of cardiac dyspnea or palpitations, but his habits as to exercise, diet, etc., were defective. His pulse was slightly accelerated, about eighty-four, of fair volume, but rather too compressible. His chest was broad and capacious. Absolute cardiac dulness was normal, whereas the area of relative dulness measured transversely about seven inches. Excepting slight weakness of the first sound at apex and moderate accentuation of the pulmonic second, the heart sounds were negative. Here, then, was a healthy looking man who would probably have been accepted by any medical examiner as a standard risk, and yet he had a degree of cardiac enlargement that in my opinion renders him an under-average risk.

Let me give another instance. A robust looking man, the picture of health, about forty-six, was brought to me by an agent who stated that he had been passed by several examiners, only one having refused him because of a slight murmur at the apex. Absolute cardiac dulness was normal, but deep percussion showed considerable increase in the area of relative dulness. The first sound was not quite pure, but here was no murmur; the aortic second sound was ringing. I do not know that I should have rejected the applicant on the heart findings even then, but when I laid him on the couch and palpated the liver I found to my surprise that its lower border reached nearly to the level of the umbilicus and was rather hard and thin. His habits as to the taking of liquor (three or four drinks a day) would be likely to induce atrophic cirrhosis rather than enlargement, and as he gave a history of inflammatory rheumatism some years before I was inclined to suspect pericardial adhesions as the cause of the cardiac and hepatic enlargement, although there were no positive signs of an adherent pericardium. Of course I promptly rejected the risk, and the man left my office very hot, saying no one had ever called his liver in question, and he thought my opinion ought to be limited to his heart. I told him that was all right, but that my opinion of his heart was largely influenced by the result of the examination of the liver. This case exemplifies the importance of determining relative heart dulness. These considerations warrant the belief that it is an injustice as well as bad business policy to accept such risks and turn down individuals who happen to have a well compensated mitral insufficiency or aortic stenosis.

Finally, let me dwell on some of the conditions which should determine one's opinion of the likelihood of an applicant with such a compensated valvular lesion to live out his expectancy. If there be a tendency to recurring attacks of articular rheumatism, or if he have gonorrhœa or some other infectious disease liable to set up fresh endocarditis, the prognosis is unfavorable. Age also influences the prognosis. Valvular disease in children is very grave even though it be compensated; likewise at or beyond middle age, because then it is probably of sclerotic origin and progressive, whereas in healthy young adults compensation may be preserved for years. The occupation is of utmost importance since, if it subject the individual to vicissitudes of weather or to cardiac strain from carrying burdens and lifting heavy, weights, as is the case with porters, or if it necessitates irregular meal hours, loss of sleep, excitement, running, etc., as in the life of the trainman, compensation is not likely to be long maintained. On the other hand, if the work be light, meals regular, diet nutritious, and the patient of a calm, equable temperament, a rather more serious lesion may yet furnish a better prognosis than in another case of less pronounced disease but less favorable environment.

The habits, too, should not be left out of account, for if of importance in men without heart disease, they are of infinitely greater weight in making for or against the maintenance of compensation in valvular disease.

It is needless to enlarge further upon this topic to examiners who are already familiar with the value of such things. I have only taken up so much of your time and attention for the purpose of emphasizing those points which seem to me satisfactory reasons why existing rules on the part of insurance companies should be modified so as to provide ratings for persons whose hearts make them under average risks, but ought not to wholly exclude them from the benefits of life insurance even at high rates.

*An address delivered before the Chicago Society of Life Insurance Examiners, Jan. 24, 1898.

† Dr. Babcock was subsequently asked if he would accept a risk whose pulse had become arrhythmic at or beyond the age of 40. He answered no, because in such a case an irregular pulse was of bad prognosis. In a young and otherwise healthy man, on the contrary, its significance was very different, and would not, in his opinion, necessarily debar him from the benefits of life insurance.

LITHIASIS AND GRAVEL OF THE INTESTINE.—Dr. Dieulafoy, in *Bull. de l'Acad. de Méd.* (March 9, 1897), summarizes his views upon the above subject as follows: 1. There is an intestinal lithiasis, as there is a biliary and a urinary lithiasis. 2. Intestinal lithiasis may manifest itself in the form of sand, gravel, and even calculi. 3. Sand, gravel, and calculi are composed of organic stercoral material and of inorganic matter in which lime and magnesium salts preponderate. The organic and inorganic matter are associated in variable proportions. 4. Intestinal lithiasis is very often accompanied by muco-membranous entero-colitis. 5. As regards its pathogenesis, intestinal lithiasis often forms part of the gouty diathesis. There is a diathetic intestinal gravel, just as there is a urinary and a biliary gravel; on the other hand, there are cases of intestinal lithiasis which can no more be referred to the gouty diathesis than certain cases of biliary or urinary lithiasis. 6. Intestinal lithiasis may manifest itself only by slight symptoms, but most frequently it gives rise to very painful abdominal crises, which Dr. Dieulafoy proposes to call lithiasic intestinal colics, variable in duration and in intensity. 7. These colics are followed by the discharge of sand or gravel with or without glairy and membranous materials. 8. These colics must not be confounded either with hepatic colic or with appendicitis; the diagnosis from the latter condition is of the most importance.

CURIOUS INSURANCE CLAIM.

The Chairman of the Railway Passengers' Assurance Company, speaking at the annual meeting, said :—There has been the usual number of quaint and curious accidents which we always try to deal with liberally. There was one case which happened quite lately, and I should like to quote that to show you we try to deal liberally with those who insure with us, and sometimes to our loss. But it is a good principle to act upon. There is a gentleman, who, I believe, is known to a great many people in the City of London, who had the misfortune about three months ago, or rather more, to be severely injured in one eye. Being insured with us, he came to us and asked us to recognize the claim. I would point out to you that we have a death branch, a disablement branch, and what I call the mutilation branch. This mutilation branch has, undoubtedly, been a very heavy tax upon us, and I would also remind insurers that at that time we gave the privilege of getting half of the amount assured for in case of death for the loss of an eye or an arm, we added nothing to the premiums payable, so that they got that for nothing. However, to return to this case, one regulation, as you know, in the policy is that unless the loss of the eye is an existing fact before the expiration of three months nothing shall be paid. Well, we thought to ourselves, now let us try and deal liberally with this gentleman ; of course, if the time goes on and the three months expire without his eye being totally lost, not only would he have no claim, but we as directors administering your money would have no right to pay him. money when by the terms of his policy we are not entitled to do so. But in your interests it is perfectly right of us to come forward to say before the time expires : "Now it is doubtful whether your eyesight will be lost or not, and if it is not you will have no claim for a penny ; on the other hand, if it is we should have to pay a large sum ; therefore will you make an arrangement?" In this case we made an arrangement and paid this gentleman nearly £300. As a matter of fact I am glad to be able to say that this gentleman is still in possession of his eyesight, although it is much damaged, and I hope and trust it may turn out that he will not lose it at all. I quote this to show we try to deal liberally with our policyholders, and I am perfectly certain that it is the best policy to adopt. He would have been entitled to £500 if he had lost his sight, and we paid him £300. During the period of disablement he was entitled to about £50.—*Insurance Journal, London.*

"A self-made man must have a poor opinion of a job if he neglects or refuses to insure it."—Phelps.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT No. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, AUGUST 5, 1898.

THE firm refusal of the Connecticut Fire to submit to the blackmailing of McNall deserves the highest commendation, but it must be clearly understood that it was not an examination which the Connecticut refused. To that the company offered no objection whatever, but proffered every facility, and was prepared to say to McNall, "Now, go on with your investigation, but not at the expense of this company." If the great State of Kansas has any fears that its people can lose any money by doing business with the Connecticut Fire, surely that great State can afford to pay the per diem, salary, and expenses of its own agents while they are engaged in ascertaining, to their own satisfaction, the financial condition of a company which carries the *exequatur* of half a dozen States.

There is another side to this matter. We see it stated in the *Insurance Herald* that "one of the Chicago managers who does a business amounting to nearly $100,000 a year in the Sunflower State, would pay $5000 to McNall's examiners rather than get out of the State." The Chicago manager has only to pay the $5000, and the company will be reinstated. That is what the fellows are there for. Then we note that *The Weekly Underwriter* says: "If he is properly backed by his directors, we believe that President Browne will not surrender." Is there any likelihood that the directors will "show the white feather," and compel the president to submit to the outrage? We hope not. A company which pays a manifestly unjust demand to be reinstated in Kansas, will require something to get reinstated in the public confidence. There may follow the ejection of the Connecticut from Kansas a loss of business, but there will also follow a gain of self-respect and public regard which elsewhere will make up any loss in the Sunflower State.

The above remarks were in print before the Circular of the Western Department, by Mr. J. J. McDonald, Manager, was received. We are glad to know that our opinion of the nerve and purpose of the Connecticut Fire, as expressed above, did justice to that company. As a matter of explanation the Circular is well taken, as it plainly demonstrates the dishonest purpose of McNall, explains away his falsehood as to the non-payment of a loss, and altogether sets that official in a worse light than even his previous misconduct had placed him.

The correspondence as set forth in the Circular plainly shows the readiness of the company to sustain its statement by the best evidence obtainable, while it asserts a right to exemption from unnecessary expense. The judicial proceedings in this case, will be another exemplification of McNall's methods, and will turn another searchlight on the dark ways of State supervision.

CALMLY AWAITS CONFLAGRATION.

There was a declaration of an important principle in fire insurance lately made in London by the chairman of the Commercial Union Assurance Company, which, though somewhat paradoxical, underlies and supports the whole superstructure of insurance: that "it is by taking risks that we make our profits."

Not only the "profits," but the fund which guarantees the indemnity rest on risks—and widening of the basis of risk is the surest and safest way to secure alike the profit and the guarantee—the stockholder and the assured. The great English companies extend their business all over the world, and hence they are always "on the lookout for catastrophes of some kind or other," for as the chairman added:

"Our business is a business which is subjected to very great risk, in fact, it is by taking risk that we make our profits."

All fire insurance to be safely conducted in the interest of the assured must be so widely extended "that any morning may bring a telegram or cablegram announcing a conflagration in some place or other." And safe underwriting lies only in the fact th t every place is made to contribute the premiums which pay for the conflagration in some place. The risk is minimized, by its extension, when the premiums come in from all quarters of the country.

These declarations of the London chairman apply with equal force to American underwriters. Their business is also one of great risk, depending for its safety on a wide extended basis of premiums, where the contributions of the many shall more than equal the losses of the few.

This fact of great risk, and the factor of imminent danger of a great conflagration, possible at any moment, and certain to come, should never be lost sight of, when taxation, State or Federal, of insurance companies is under consideration. That risk is covered only by the premium. It is true that accumulation of assets in good years of business supplements the premiums, but these accumulations are only premiums invested, so after all is taken into consideration, it is the premiums which safe-guard the risk and protect the assured. To diminish the premiums by taxation is to lessen and endanger the assured, and whatever may be thought of the "corporation" a wise public policy in the interest of the assured suggests that the premiums should never be reduced by taxation.

But it will be asked, is all the immense wealth of insurance corporations never to contribute to the support of the Government under which the "corporations" prosper and build up such monumental structures in our cities, and whose accumulations aggregate hundreds of millions of dollars? No insurance "corporation" has ever claimed exemption from taxation, and their properties, like that of their fellow citizens in other business, contributes a full and equal share in taxation. But their premiums are not theirs, but are trust funds for the protection of the assured, who having contributed the premium each for himself and all others, are entitled to have them held, undiminished by taxation, until they have served the purpose for which they were paid to the corporation. After payment of losses, and expenses incurred in the management of the business, and providing for the State's legal demand of reserves or reinsurance fund—then what is left of the premium goes to the further security of the assured. Hence there is no part of the premium which can be diminished by taxation without endangering the assured. The $300 license fee exacted by the State of Maryland, if paid indirectly by the assured, impairs by its sum total the security of the assured.

A JUDICIAL ANOMALY.

The "vicissitudes of fortune" through which Insurance Commissioner Clunie, of California, has recently passed, would be enough to excite commiseration and pity, were it not for the fact that the innate *cussedness* of the man has created all the trials of the officer. Baffled and defeated in New York, he returned to California, only to encounter the castigation of the federal judge in the cases there decided against his conduct and management of the insurance department in the matter of admitting or refusing admittance to certain insurance companies.

The limitations placed by Judge Morrow on the official discretion of the Insurance Commissioner are only those which naturally and legally attach to the fact that discretionary power does not place the officer above the law, but that his discretion must be legal and not arbitrary. He cannot do as his fancy, passion or pecuniary necessities may suggest, but must exercise discretion in good faith and not with a view to the "main chance." He is distinctly told by the federal judge that "he cannot act arbitrarily or capriciously, or in disregard of established rules of law," and that "when he is called upon by the court to answer the charge that his conduct is illegal, oppressive and injurious he should be able to present such facts as will clearly show that he is acting under authority and within the jurisdiction of his office."

That judicial arraignment followed upon the Court's view of "this declaration" which Clunie gave out on the 30th of January, 1898:

> "I have made my order, and my future action depends upon what the insurance companies may have to say. Do I think they will furnish new bonds? I think they will, but whether I will approve them is another question. If the bond is not acceptable I have the right to reject it and deny to the company a certificate to do business in the State. I shall certainly refuse the bond of any company which is in arrears for the tax provided by the law of 1885. They claim, of course, that this has been declared unconstitutional by the Supreme Court. Well, I don't dispute that. I am aware that the Supreme Court decided against the law on the ground that it was an attempt on the part of the legislature to levy a municipal tax. Of course, under that ruling it would be absurd to undertake the collection of the tax by process of law. But if the companies don't desire to comply with what the law intends, there is no reason why they should not be barred from doing business here."

That is the fellow's idea of "official discretion"—his own sweet will, by the exercise of which he will "flank" the Supreme Court of his State and collect from insurance companies moneys which the Supreme Court has ruled not to be due by those companies. His declared purpose to make the observance of an unconstitutional State law a condition precedent to admission was also overruled by the court because "as a condition upon which foreign corporations might be admitted to do business in this State, it was void for the reason that the legislature could not exercise a power clearly denied to it by the constitution of the State."

In this connection we will call attention to an anomaly in judicial rulings as to insurance legislation and conditions precedent to admission. The Supreme Court of the United States ruled, that the State law making the removal of an insurance case from the State courts to those of the United States, a cause of expulsion from the State, was unconstitutional and void. Nevertheless that unconstitutional law exists to-day as a valid cause for expelling a company from the State. Now comes Judge Morrow and holds that this California law being unconstitutional cannot be made a condition against insurance companies. The anomaly is to be reconciled only by the fact that the unconstitutionality in the first instance referred to, was against the federal consti-

tution—the supreme law of the land. While in the last instance the unconstitutionality was against the State constitution—and thus the lesser law is good while the higher law is inoperative to protect an insurance company. Nevertheless we are thankful for small favors, and even at the expense of Clunie.

INTERNATIONAL LIFE INSURANCE.

There is not, but there ought to be, international life insurance. But so long as interstate life insurance exists, in this Union, only by virtue of the sufferance and the permission of the States, it is irony to talk of an American international life insurance company. We must remove the beam from our own eye before we can hope to induce the nations of the world to take the mote out of theirs. The barriers to interstate insurance once removed by competent authority declaring all insurance to be commerce, would be a step in advance toward that most desirable end, whereby the beneficence of life insurance would not be arrested by the laws of war.

The progress of civilization within the last quarter of the Nineteenth Century, recognized and established the Red Cross as an international agency, superior to the necessities and demands of armies and navies. Is it too much to hope that the American-Spanish war, may be a *fin de siècle* example which will inaugurate the Twentieth Century, with life insurance recognized as without the rules of warfare, possible to exist, all over the world, without contributing more to one belligerent than to another?

The embarrassments which the sudden opening of hostilities between the United States and Spain brought to the American companies doing Spanish life insurance is an example which properly utilized before the convention to establish peace may be the means of opening to the whole world the great importance of declaring life insurance to be no longer subject to arrest by the opening of hostilities.

Many hundred years and many terrible wars preceded the establishment of the Red Cross as superior to the laws of war. But civilization succeeded at the Berlin Congress in triumphing over the savagery of war. So a determined effort by the friends of life insurance in this and other nations, to rescue its beneficence and blessings from the blighting effects of war, may also open the coming century with another grand blessing to the people of all nations.

The reported efforts of American life insurance companies to stand fair and square toward the mutuality of their policyholders of both belligerents was a direct defiance of the laws of war, made openly before the world, and stands to-day as a protest against the legal deductions of a state of war. The position, however illegal, has done something to direct attention to the evils entailed by laws of war which were codified before life insurance had become the great factor of relief and beneficence the world over. Instead of using the necessarily illegal predicament in which American life companies were involved by the opening of hostilities, to do injury to one of them, the insurance press ought to bring its influence to bear upon a great principle: that in future wars life insurance companies may continue their business with belligerent people without being subjected either to the charge or penalty of violating the laws of war. That principle established—there will be international life insurance.

One more unfortunate gone; the State Insurance Company of Pennsylvania has been in business only four years, and its collapse is said to be a sequel to the failure of the Guarantors. That may be the reason, but there were surroundings of a character totally different from genuine life insurance; for example, it is said that "the organization is identified more or less with State politics of the Quay Machine." That of itself was enough to have sunk the craft. But it is gratifying to learn that "there will be no loss to people who have insured with us, for their number was never very large."

The purpose of the Metropolitan Life Insurance Company to do even and exact justice to those policyholders whose policies lapse by reason of temporary inability to continue payment is evidenced by a letter from the company which follows the failure to pay at the proper time. That letter advises the policyholder that he is entitled to relief in one of two forms: 1st, to a paid-up policy, and 2d, to the alternative privilege of extended insurance. Secretary Woodward's letter is to the effect that upon the surrender of the lapsed policy, with his letter to the Superintendent of the insured's district, he will be entitled to select either a paid-up policy running the proper time, or a new increasing life and endowment policy of the form now in use by the company for $—— in full immediate benefit, at present age without medical examination, and a credit of premiums in the new policy for —— weeks.

There is no man in all the insurance profession more ready and willing to do unto others as he would be done by than President Hegeman, and for that reason the policyholders in the Metropolitan may feel assured that every interest and right to which their contracts entitle them will be freely and fully respected. This letter of Secretary Woodward and the circular letter of June 13th, 1895, to "Superintendents" to enforce and carry it out, from President Hegeman evinces that solicitude for the welfare of lapsed policyholders most commendable, but not always so apparent.

The construction by the Supreme Court of Connecticut, of the standard form of policy, as to its co-insurance clause, is so important to insurance companies, that the original opinion will be consulted by every one desirous of understanding the exact bearing of this ruling. The decision of the court rests more upon the facts presented, than upon the authorities of law. But enough of the important facts are set forth in the opinion of the court for understanding the ruling. While the court holds that the 80 per cent co-insurance does not supersede the provision against further insurance, it does not tolerate such an amount of further insurance as the facts in the case presented, viz: That at the the time of the fire, the value of the stock of goods on hand and insured, was $856.87, and no more, upon which the insured had $1000 insurance in one company, and $1100 insurance in another company, making in all, $2100 insurance upon $856.87 worth of stock. That amount of co-insurance was beyond all proper construction of the provisions of the policy.

The opinion of the court, by Judge Hammersly, was concurred in by the other judges, and is as follows:

"If as appears from the finding, the insured, at the time of their application to the defendant, believed that their prior application to the Ætna Insurance Company for a policy of insurance for $1000 upon property they were asking the defendant to insure could not result in a contract of insurance, they were not bound, by the terms of their policy, to then inform the defendant of that application. But in subsequently accepting the Ætna policy issued in pursuance of their application, they violated the provision against further insurance contained in the policy issued by the defendant, and for this reason the plaintiffs cannot recover. 'Precisely that had occurred which both parties had stipulated should make void the contract of insurance.' Bishop *v.* Insurance Company, 45 Conn. 430, 453. The 'standard guaranty to maintain 80 per cent insurance,' stamped on the face of the policy, did not supersede the provision against further insurance. The two provisions can stand together, and effect can be given to both. This 'guaranty' clause in a fire insurance policy is of recent use, and is a very peculiar one. We consider it only so far as necessary to the decision of this case. If, as the plaintiffs claim, the adoption of the clause imposes on the insured an obligation to procure such additional insurance as may be

necessary to keep the total amount of insurance equal to 80 per cent of the changing actual value of the property covered by the policy, and therefore impliedly gives permission to procure, or waives the provision against, such insurance, it must follow that such permission or waiver is limited by the necessity from which it is implied. It may be that if, in fulfilling the obligation assumed, the 80 per cent limit is unintentionally exceeded, the policy would not for that reason become void. But a question of this kind does not arise in the present case. The insured obtained insurance for $1500 on a stock of goods and fixtures valued at $1700; the insurance being more than 80 per cent of the value of the property insured. Immediately afterwards they procured additional insurance on the principal item of this property for $1000. Within twelve days the property is destroyed by fire, and its actual value at that time is less than $1000. There is here no room for any claim that the additional insurance was intended merely to fulfill the obligation of the guaranty clause. The insured in fact and intent, violated the provision against over-insurance. They certainly stand in no better position than if, having obtained permission for an additional insurance of $100, they then procured insurance for ten times that amount. The Superior Court is advised to render judgment for the defendant."

PRESIDENT GEORGE L. CHASE, of the Hartford Fire Insurance Company, was recently made the recipient of a beautiful testimonial of the "high appreciation" in which he is held by the "managers, secretaries, department managers, general and special agents" of that company "from the Atlantic to the Pacific and from Canada to the Gulf." The descriptive volume which accompanied the beautiful and valuable watch, conveyed these kind and complimentary sentiments:

"Of your success it is unnecessary to speak. The history of the Hartford's great and rapid progress is the history of your official connection therewith.

The completion by you of thirty-one years of continued and active service as president seems to us a fitting time to put into concrete form our congratulations on your success as a leader, and to express our strong hope that you may, for many years to come, continue to to lead us on to new and even greater victories.

That you may be hourly reminded of our loyalty to and love for you, we ask your acceptance of the accompanying time-piece. When you look upon its face may it remind you—not of the rapidly passing moments—but of the faces of your associates, who, each in his appointed place, are working loyally and zealously for the continued success of the great 'Old Hartford.'"

Cordially uniting our sincerest "hope" to that of all his admiring friends and co-workers, for longer years and newer and greater victories in the future, we voice the opinion, common throughout the profession, that no truer man, no more faithful officer and no sincerer friend than George L. Chase can be found in the insurance profession.

WHATEVER one may think of the Plan and System of The Bankers' Life Insurance Company of the City of New York, there cannot be two opinions that its method of securing business is not that which bankers pursue. Hawking handbills around, throwing them in doors, as soapdealers do with their wrappers, requires only the usual promise of so many wrappers returned to secure a policy, and the Cheap John plan would be complete. We do not believe that the bankers, cashiers, merchants and others whose names fill up the back of these handbills are aware of the use that is made of their respectability to give standing to this company. The coupon attachment is a device not within the usual plans of bankers—their presidents and cashiers. Of the promises for the future, nor of their possible failure as assessment concerns which have so often disappointed the hopes of the insured, we have nothing to say—but we cannot expect much from the Bankers' Life because its endorsers are on the handbills and not on its policies.

THE subjoined extract from the insurance report of Illinois, in its comments on the dignity, importance, and character of life insurance, reflects the opinions of the many thousands who have availed themselves of its blessings. The importance of guarding that great trust, which underlies the safety of the deposits for the future, has been assumed by the State, and we wish we could say had been efficiently discharged. That "the officials and managers" of old line American companies, at present, are fully alive to the importance and character of their duties, the Illinois official, clearly recognizes—that "no business is managed with a higher degree of ability, character, and fidelity," and that "the contrary is the exception."

We cannot believe that there has been, within the last years, any facts presented to State insurance departments, by old line life insurance companies, which justify the inuendo implied in the extract as to what ought and what ought not to be done by those officials:—"Any betrayal of trust," any attempt, much less "the practice" of any American old line life company "to take advantage of claimants on purely technical grounds." With these qualifications, the extract will be read with pleasure, and as coming from a State Insurance official, is an exception to the general rule, which is gratifying.

"The interests involved in the business of life insurance are of the most sacred character. In no other kind of business, or form of investment, is the individual actuated by such disinterested motives as is the policyholder who seeks, by wise and judicious investment of a comparatively small amount, from year to year, to provide for the necessities and comforts of those dependent upon him, after he himself shall be taken from them. In other forms of insurance, the purpose is the protection of invested capital, or indemnity against pecuniary loss. The fundamental and primary purpose of life insurance is the fulfillment of the sacred obligations of husband, parent or protector, securing to the objects of his affection, benefits in which he himself will not share. It has in it no element of selfishness or expectation of personal profit, and, undoubtedly, in very many cases, is a sacrifice for the benefit of others. It is universally recognized that the nature and purpose of a life insurance contract give it an importance second to none in the business relations of life, and create a trust of sacred character with those to whom are committed the handling of the funds of the company and the protection of the interests involved. The law recognizes this by establishing regulations and imposing salutary restrictions for the transaction of this business, and placing it under the supervision of State officials. The officials and managers of life insurance companies, as a class, or profession, fully realize the importance of the interests, and the character of the trusts committed to their keeping. While their official acts may not always be above criticism, there is, doubtless, no business managed with a higher degree of ability, character and fidelity, than that of life insurance. The contrary is to be considered the exception. It stands out the more prominently by reason of the contrast, and is more deserving of severest condemnation. A sworn report, untruthful by reason of false statements, misrepresentations or omissions, deceiving insurance officials and misleading the public, should not pass uncondemned or unpunished. Equally censurable, as a betrayal of trust, is the practice of any company to take advantage of claimants on purely technical grounds. Not only are truthful statements, and fair and equitable treatment of policyholders and claimants expected of all companies dealing with citizens of this State, but judicious and secure investment of the trust funds committed to them is also required. Assets or investments of a speculative or adventurous character, acquired to make a showing in the statement "put up" by stockholders, or secured under trading contracts with agents or other companies, as a supposed method of increasing and enlarging the business of the company, cannot receive the official endorsement or approval of this department. Officials who are guilty of these practices are fortunately few in number."

IT is very gratifying to hear that President Henry B. Hyde, of the Equitable, is convalescent and will soon be again at the helm of the great institution which he created and has directed with exceptional ability to unprecedented success.

Local Matters.

The death of Lieut. John J. Blandin, U. S. N., at the Sheppard and Enoch Pratt Hospital, is another painful reminder of that terrible crime in the harbor of Havana—the destruction of the U. S. battleship "Maine." As officer of the deck on that fatal night he escaped immediate death only to be overtaken by and succumb to the consequences which followed the shock to nerves and constitution. His life experienced more of the trials which accompany naval service than ordinarily falls to the lot of a young naval officer. Fortunate to escape the consequences of the cyclone in Apia harbor, he has fallen a victim to that unprecedented crime in Havana. Surrounded by the sacred ministrations of wife and children, mother and friends, his useful life closed, as much in the performance of duty as if he had been struck down at the moment of Com. Schley's splendid victory over Cervera. The many and various duties which he was called upon to perform by the naval authorities attest his proficiency and accomplishments as a naval officer; his prudence and foresight secured to his family the comforts which $20,000 life insurance—$10,000 in the Mutual Life, $5000 in the Equitable and $5000 in the United States Life—will afford them.

Among the letters read at the annual meeting of the National Association of Local Fire Insurance Agents, held in Detroit on July 15th and 16th, was the following from Mr. Thomas E. Bond, of this city, the only member from Maryland that we know of, a member of the Grievance Committee, giving information as regards the situation in this city and State. In part he said:

"Two attempts have been made of late to remedy conditions in Maryland, by securing the passage of a resident agent law, and a tax upon insurance secured from unrepresented companies, together with license upon all solicitors; but political influences have so far defeated these measures, although prepared and presented by the insurance department. With these laws in force, and a prohibition of reinsurance in any company not represented in the State, or a tax of say 10 per cent on such reinsurance, much of the trouble would cease.

"We have, in an unsettled state, a case which puts the company, whose president is the president of the National Board, in close competition with Moses, who 'broke all the commandments at once.' About a year ago one of our street car companies, failing to secure from our association of underwriters the rate dictated, canceled all its policies and established an 'insurance fund.' Some months afterwards it was discovered that certain of our members had contracted with this company to place the line (two and one-half millions) at forty cents per year, or 1 per cent for three years, the rate being about eighty cents per year. This was stopped, and every company represented here notified of tariff rates, and warned that an attempt would be made to place out of town at cut rate and for a term. Nothing was heard of this line for some time, when an attempt to reinsure led to the discovery that the whole had been written by the Fire Association of Philadelphia, at its home office, at 1 per cent for three years, the excuse being made that it had the Philadelphia brokers' assurance that the rate and term were in accordance with our tariff, and that the risk was irretrievably lost to our agents. The company promised to cancel, and no doubt gave the order, but within two or three months, before return of policy, the part of the risk 'which could not burn,' a new brick electric car barn, with its contents, was totally destroyed, involving a loss of about $225,000, upon which, it is said, there was little reinsurance.

"Thus a company which claims to be convinced of the importance of boards is satisfied, in spite of official warning in its possession, and of the fact that it has in this city four agencies, to accept the mere assertion of an outside broker as conclusive of the fact that rates were correct and Baltimore agents could not control the risk. Such cases cannot fail to awaken agents to the necessity of organization."

On the petition of F. O. Gleitsmann, Judge Harlan of the Circuit Court of Baltimore City, has appointed Mr. Wm. E. Hoffman receiver of the Supreme Lodge American Protective League of Baltimore. The plaintiff in his petition alleges he has been a member of the league for about ten years, and is the holder of a beneficial certificate for $1000; that the membership of the defendant corporation has diminished from 700 to less than 400, and that obligations are maturing which it is unable to pay, and that it is now in an insolvent condition. The answer admits the insolvency of the league and consents to the appointment of a receiver.

According to the last Maryland Insurance Report the league had assets of stocks and bonds of $5104.66; guarantee fnnd loaned the life class, $6964.58; cash on hand, $965.14; disability benefit advanced on certificate, $3392.50, making a total asset of $16,426.88. The amount of certificates in force in the United States was $467,500.

The Court of Appeals of Maryland has recently handed down an important ruling on the validity of an alleged assignment of a life insurance policy. The case is that of Weinecke *v.* Arbin, administrator, etc., and the facts briefly stated are that the plaintiff held a paid-up policy in the New York Life, which the defendant alleged had been assigned to Henry Arbin, the estate of whom the plaintiff was administrator. The alleged assignment was written and signed by the deceased, and appended thereto was a writing signed by the wife by "her mark," and both papers are witnessed by W. F. Kunkle. It was in the testimony of this witness that the plaintiff's case broke down. Without impeaching his testimony, as to a transaction which took place twenty-five years ago, the court held that the plaintiff had not shown to the satisfaction of the court that the wife had the full force and effect of the alleged consent on her part, explained to her when she signed the paper, if she ever signed it, about which there was a reasonable doubt on the part of the court. The court also held that the policy being made payable to the wife was her property, of which she could not be divested without her own free will, intelligently exercised, and that the alleged assignment by her being without consideration, was invalid and void. The case is an interesting one and of importance to the profession.

The case of Schultz *v.* Scow No. 190, and 450 bales of cotton, lately decided by District Judge Morris, in the United States District Court for this District, in admiralty, is of great importance to Transportation companies, and incidentally to Marine Insurance Companies.

The general rule that the freight cannot be recovered unless the stipulated voyage has been actually performed, or is prevented, or is dispensed with by the shipper, is modified. There being at common law, no implied promise to pay *pro rata itineris* for carrying goods a part of the voyage, unless the owner of the goods voluntarily, and not under compulsion, accept the goods at an intermediate point in such a way as to raise a fair inference that further carriage of the goods was intentionally dispensed with, is relieved against.

The old rule applicable to continuous voyages, was that when goods were damaged in the course of the voyage, and from necessity, sold at an intermediate point, they were not liable for any freight whatever.

Judge Morris following the recent ruling in British and Foreign Marine Insurance Company *v.* Southern Pacific Insurance Company—55 Fed. Reports 82; and 72 Fed. Reports 285, (1896) held that the petitioner was entitled to receive the back charges for freight paid by it in respect to the cotton not destroyed, and its freight charges on the cotton not destroyed. But these items of freight and back charges allowed the petitioner must contribute their proportionate share of the salvage and attendant expenses.

In respect to the cotton destroyed, the court held that the petitioner could recover neither the back charges nor its freight. The opinion in full will be found in the *Law Department* on another page.

In the court of Common Pleas, before Judge Harlan, William H. Lotz, a druggist, C. G. Treisler, who sells tacks, H. J. Edel, a tailor. and Geo. Euler, a saloon keeper, fi'ed a petition for a writ of mandamus to compel Dr. Henry M. Wilson, J. H. Fitzgerald, P. M. Burnett, and J. K. Wilson newly elected, to vacate their positions as directors of the Mutual Life Insurance Company of Baltimore, claiming that they, the plaintiffs, were elected directors at the annual election held on July 1st by a vote of 85 to 48, when in fact the judges, three reputable merchants of good standing, decided that the results of the election showed that Dr. Wilson, Messrs. Fitzgerald, Burnett, and J. K. Wilson were elected by a vote of 62 to 60 for Treisler and his party, the plaintiffs in the suit.

The legislation of 1888 amended the charter of the Mutual Life so that the control of the company should remain in the hands of those policyholders having ordinary policies from $1000 and upward, of which at present time there are less than 200, the company now doing only an industrial business.

The company states and proves by affidavits that, in 1896, C. G. Treisler not being pleased with the way the company was managed, secretly tried to secure some of the industrial agents to leave the company and start a new organization. Upon these facts being made known to the officers he was at once discharged, and for two years nothing was heard from him until previous to the recent annual meeting, he filed a number of proxies from the holders of ordinary policies, to vote for the plaintiffs as his directors, which he was required to do by the charter, also giving 15 days' notice of holding said proxies. The company has until August 15th to file its answer

in court, and from all we learn it looks as though the present management will be retained.

After the annual meeting a number of changes were made in the officers of the company as follows: Mr. M. S. Brenan was elected president, succeeding Mr. J. F. Harris who declined re-election; E. J. Codd elected vice-president and J. S. Pierce as acting secretary.

The company has been recently examined by the Maryland Insurance Department and found in a sound financial condition.

Two sections of the war tax law apparently affect the policies issued by the American Bonding and Trust Company, U. S. Fidelity and Guaranty Company and by the Fidelity and Deposit Company, and by other companies doing the same business. The first section is as follows:

"Bond: For indemnifying any person or persons firm, or corporation who shall have become bound or engaged as surety for the payment of any sum of money, or for the due execution or performance of the duties of any office or position, and to account for money received by virtue thereof and all other bonds of any description, except such as may be required in legal proceedings, not otherwise provided for in this schedule, fifty cents."

Manifestly whoever executes that bond must attach the 50-cent stamp to it before it is valid for any purpose.

Then the law adds another provision as to

"Insurance (Casualty, Fidelity and Guarantee): Each policy of insurance or bond or obligation of the nature of indemnity . . . issued or executed . . . by any . . . corporation transacting business of . . . fidelity . . . insurance . . . and each bond undertaking a recognizance, conditioned for the performance of the duties of any office or position, or for doing or not doing of anything specified, or other obligation guaranteeing the validity or legality of bonds or other obligations, etc., upon the amount of premium charged, one-half of one cent on each dollar and fractional part thereof."

That section applies to the corporation, and the tax must be affixed by the company. The completed transaction requires the 50-cent tax affixed to the bond by the person who executes the bond, and the policy or writing that evidences the guaranty must carry a tax stamp for one-half of one cent on each dollar of premium charged by the company affixed by the corporation.

CORRESPONDENCE.

LETTER FROM NEW YORK.

All is quiet in New York, too quiet for many brokers and companies. The larger companies are protecting their business at any cost and agents and brokers are realizing what a break in the tariff means now, and what it will mean in a few months if present conditions continue. The smaller companies are not doing enough metropolitan business to warrant their officers in saying they are really "New York City" companies.

It is idle to expect that the effects of the "fight" will be confined to the city proper. The Suburban Tariff Association will be disbanded. At the last meeting of this association (26th inst.), great efforts were made to keep up appearances, members looked resolute and spoke boldly. "Sympathy of members" prevailed and a pleasant confident feeling was engendered. It was as much out of place as cheerfulness at a funeral. When the North British and Mercantile, the strongest of the English companies in this country, leaves the association because of the double dealing and chicanery of its fellow-members—and the citizens of New York and the North River follow suit—and a large firm like that of Hall & Henshaw will have no more of it, and other well-known companies are seriously considering what steps they shall take in the matter, the end is not far off.

The Continental, the Germania, the American and Firemens, of Newark, N. J.; the Westchester, the Glens Falls, the Spring Garden, the Boston Fire, the Firemens of Baltimore, and the Kings County are already out of the Board.

The present "fight" in New York was partially caused by the disloyalty of some of its members, the multiplication of annexes and auxiliary companies and consequent increase of agencies; but are not these the surface indications of something radically wrong in the way the business was conducted? It is nothing new to have this "disloyalty"—like "poverty," it is always with us, and the multiplication of agencies and other expedients, due to keen competition, are "old as the hills." There is a disposition to accept these as the causes of the "fight." The insurance journals accept them and make no suggestions as to other causes, or as to what shall be done to base the next tariff rules on a firmer and more permanent foundation. It is about as depressing to read the insurance press on this point as to take a stroll through the New York offices.

The situation at once prompts the question, is there something radically wrong with the present methods of doing business? There are companies paying a fair commission, doing business legitimately and keeping faith with other companies, and these are the majority and do the bulk of the business.

And there are other companies paying a higher commission making a strong attempt to seize what is called preferred business, and getting it, building themselves upon it and making it pay well. Why are they able to do this? Are the rates on this preferred business so high that the margin of profit is large enough to stand a higher commission and greater expense in getting it? and does not this high rate account for the action of the second class of companies mentioned? If there was nothing to steal there would be no thieves. Is it wise to leave so large a margin of profit on the preferred class and so little if any on the rest of the business? And if the tendency of the present struggle is to lower the margin on one and raise it on the other, is it altogether to be regretted?

Agitation is going on already for formation of a new tariff association. It is to be hoped that no attempt will be made to patch up the old association, bolstering it up with pledges of the very men who are responsible for the present state of things, until some plan has been matured which will make it impossible for any member to profitably trade upon a breach of its rules.

The Fire Association of Philadelphia has given notice of its intention not to write any more New York business under present circumstances. The present rates are too low to be profitable, President Irvin says.

The Jameson & Frelinghuesen combination has absorbed the old "Rutgers," so that we may expect that with the Globe, the Broadway and the State of New York, this firm will be more aggressive than ever.

The Scottish Alliance has completed its arrangements for the management of the business of the Reading. Mr. Thos. H. Scotland has been elected vice-president, and will be its manager. The Hartford is a good school to graduate from, and doubtless Mr. Scotland will carefully and conservatively extend his company's operations throughout the country. Messrs. Delesdernier & Cluff are credited on the street with having had much to do with the purchase of this company.

But it is said by those who think they know, that the Reading stockholders are wondering how they came to sell so good an article at such a price, indeed how they came to sell at all, and their feelings towards this old company with a new name, are at present of a very mixed character.

Mr. John W. Murray started in with the good wishes of a large circle of friends when he took charge of the "Norwood." It would have been a marvellous feat had he succeeded—the times and surrounding circumstances were against him. The Providence Washington takes over the entire business of the company, and it is being said of Mr. Nesteil that the city's treasury will be benefited under the Guggenheimer law, should any of his friends in his hearing talk of the formation of another $200,000 company.

The "Liberty" has finally closed. It started well, with good backing, and should have succeeded. Before the appointment of the receiver 51 per cent was paid back to its stockholders; since then two dividends of 15 per cent and 5 per cent respectively—in all, 71 per cent per share—has been returned. It might have been worse, but it might have been a great deal better and the company to-day been doing a good business.

The action of the receiver of the Lincoln Insurance Company, in trying to collect the whole premium on policies outstanding on the 4th assessment, when he was appointed, is being adversely commented upon by brokers.

At various times and places Mr. Curley, the late general manager of the Lincoln, has said that the company cannot pay one hundred cents on the dollar, but the *Journal of Commerce*, on the 21st inst., quotes Mr. Riggs, the receiver's assistant, as saying that he thought creditors might be paid in full.

The report on the condition of the company is expected to be presented to the court on the 6th of August.

Mr. George F. Seward, president of the Fidelity and Casualty Company, presided at a "seance" on the 27th inst., held by the

Plate Glass Insurance Compact Companies, for the special benefit of President Robert A. Griffing of the Ætna Indemnity, and Mr. Gaty of the Union Casualty. Through some unintentional slip, probably, Mr. F. G. Voss, of the Frankfort, was not invited, so was fortunately absent, as were Mr. Butler of the Central Accident of Pittsburgh, and Mr. Stone of the Maryland Casualty. The seance was not a great success, looked at from a peaceful businesslike standpoint. The "spirits" were active and uncontrollable; charges and countercharges of bad faith and disloyalty were made; personalities, the reverse of polite, were indulged in, and at last the president gave the usual 30 days' notice that the company would leave the compact.

We trust the visitors enjoyed themselves, and congratulate Mr. Voss on his absence from the meeting. It would have made him adhere firmer than ever to his anti-compact course had he been present.

Of course, such childish proceedings can end only in one way. Mr. Seward will wait no thirty days. The compact is broken and will remain broken for some time.

The British American of New York has completed its first half-year of business with loss ratio of 6.7 per cent, and expense ratio of 34.44 per cent; premiums $58,000 and losses $3800. The Wood-Biggert combination is evidently proving a success.

There are no fixed rates for Jersey City; the inevitable result follows—low rates, fierce competition. Why cannot the companies regulate the affairs of what is really "its own household"? The condition of fire insurance affairs in this city, to those behind the scenes, is simply lamentable.

Mr. J. T. Stone, president of the Maryland Casualty Company, seems to have a good representation in the office of Mr. Freedman, and should do well for his company.

Messrs. Burke & Brown are "out" with a good showing for the Eastern of New York. Assets $562,883.59 against $525,000, show evidence of careful work in these "parlous" times for a new company that has only its current business to help it along—no accumulations of interest to provide a backing.

President Armstrong can hardly mean what he says when he asserts that one out of every four of his losses are caused by lightning, this year.

The Munich Re-insurance Company is expected to be at work in New York City within the next few weeks.

Mr. Clarence H. Hayes of Boston, with Mr. Voss of the Thuringia, were noticed "on the street" recently. Mr. Hayes represents the Thuringia in Boston and expects to have the management of the Frankfort American Accident for Massachusetts.

The "Manhattan" still keeps itself "journalistically" to the front. Mr. Charles Platt, Jr., takes the agency for Philadelphia, Western Pennsylvania and South New Jersey, and Mr. W. S. Wariner for Springfield, Mass. Two good appointments.

W. A. Francis, formerly of the North British and Mercantile, and later of the Manhattan, has opened an office at 35 Pine street, and is prepared to undertake confidential and expert matters pertaining to every branch of the city and agency field, appointment of agents, examination of accounts, etc.

Secretary Smith, of the German-American, is now well in harness. It would be difficult to imagine an office with more pleasant physical surroundings, than that in which his lot is for the present cast.

It is understood that the London Insurance Corporation is about to follow the lead of several English companies and form an auxiliary "London" of New York.

The Royal is *not* to absorb the London & Lancashire. Rumor had all the details of absorption arranged.

The Bavarian Mortgage and Exchange Bank of Munich has complied with the requirements of the law, and it is expected to be at work in the business of fire insurance in New York State and presumably throughout the country.

The Magdeburg is in its new William-street office, and a convenient and well-arranged office it is.

The Lancashire obtains a footing in Virginia by the re-insurance of the Portsmouth Insurance Company of Portsmouth.

The Duluth and West Superior agents are trying to get companies to agree to assignments of grain policies, an experiment successfully tried for a time in Baltimore. They will probably not succeed.

X-Ray.

LETTER FROM ATLANTA.

Col. Robt. F. Sheddon, general agent of the Mutual Life, has showed what kind of stuff he is made out of, in his answer to an insurance journal, published in Atlanta, called "Insurance Prospects," in which he replies to them in answer to a letter which this journal wrote him, they were going to write an article against the New York Life, criticising that company for its stand with its Spanish policyholders. Mr. Sheddon condemned the writing of such an article, and refused point blank to buy a single extra copy of the paper. He replied that the New York Life could do no other way in justice to their Spanish policyholders, and that it was not a matter of patriotism but business, where one person had the same right as another, regardless of country or State.

Hon. Howard E. W. Palmer, one of Atlanta's most prominent attorneys, has been elected to the secretaryship of the Southern Insurance Agency, which manages the Southern business of the Prudential Life Insurance Company. Mr. Palmer is one Atlanta's foremost business men, and his appointment to the secretaryship of this agency will add much to its personnel. The new Prudential building which is being erected in Atlanta, is nearing completion. This is one of the handsomest buildings in the Southern states, being ten stories high, built of steel and stone, and covering half of one of the largest blocks in the city. When the building is fully completed, it will be one of the finest office buildings in the South. The Prudential will have its Southern department headquarters on the second floor, where it will occupy several large and comfortable offices.

Mr. E. L. Burbank, of Atlanta, who has for a long time represented the Mutual Life, locally, in Atlanta, and who has a record for writing personal business second to none in Atlanta, has been appointed general agent for the Ætna Life, for eastern Tennessee, with headquarters at Knoxville. Mr. Burbank succeeds Lieutenant E. M. Drewry, of the 3rd Tennessee Volunteers, who is now serving his country in the army. Mr. Burbank is an active agent, and has the reputation of being one of the best insurance talkers in and around Atlanta.

The Two Hundred Thousand Dollar Club of the New York Life, which is composed only of those agents in the Southern territory who secure and pay for as much or more than $200,000 in new business from the first of July to the first of July, will soon take their annual outing, visiting several points of interest in the North. The New York Life gives each and every member of this club an annual outing, and since its last meeting, many new members from Manager Mims' territory have been added to the club's personnel. Among some are: Robt. B. Mims, of Jackson, Miss.; W. E. Mallett, of Jackson, Miss.; G. A. Riviere, of Mobile, Ala.; John Ashley Jones, of Atlanta, Ga.; C. W. Wilson, of Natchez, Miss., and others. It is quite an honor to be a member of this Two Hundred Thousand Dollar Club, as it requires $200,000 of first-class new business to become a member, and this takes a "hustler." The annual outing will occur in the early part of August.

Everything now points to a splendid increase in business during the latter part of this year, over the first six months passed. The Southern States are in an unusually prosperous condition. The crops are excellent, and the revenue from the enormous fruit and melon crops will be the largest received in years. Georgia will ship two hundred millions of peaches, raised from the trees in this State alone. With this brilliant and prosperous outlook ahead, there is little doubt but that the insurance business will "look up" during the fall months and come out way ahead of the fall months of 1897. Everything in the Southern States depends on the condition of the crops and the financial condition of the farmer. He is the backbone of this section. With his flag of prosperity waving over us, and with money plentiful, business in the Southern States will be unusually large. There is no business that suffers more on account of the depression of the times, than that of insurance. Likewise is it true, that no business receives more of its share of the prosperous times. It's "been a long time coming," but surely increase in business is near at hand. All companies will make money in the Southern field, and when the first of January, 1899 rolls up, everybody will be happy and prosperous.

Mr. John S. Parks, a prominent insurance man of Atlanta, is in the race for councilman from the 5th ward of Atlanta. Like nearly all of the insurance boys, he is making a hustling race, and from present outlooks, will come out victorious, with flying colors. Of course, all the insurance fraternity will back him, as they did Manager Knowles, for the legislature.

It will be remembered that Manager Knowles by the backing he got from the insurance fraternity, led the ticket in Fulton county for the General Assembly of Georgia by a handsome majority. These insurance fellows just will stick together, some how. "You can't down them for nothing"—at least in Atlanta.

Mr. W. P. Pinkard of Birmingham, Ala., has been appointed by the New York Life as special agent, to take care of the agency force of that company in several counties in Alabama. Mr. Pinkard will be under the direct supervision of Superintendent of Agencies Cooney, of the Southern Department. He will assist Mr. Cooney in taking care of his Alabama Agency force, which is one of the largest and best organized field forces in the South.

The Travellers Insurance Company has written the entire system of the Traction Street Railway Company, of Atlanta, through its liability department. This is a big risk, and many companies were in competition to secure it.

Nashville, Tenn., has a most beautiful showing so far this year, taking in comparison its receipts and losses in the fire insurance business. For the first five months of 1898, it has taken in, in premiums, $170,-203.00, with losses of only $49,589; a much better showing than it has made for several years past.

The recent re-union of the Confederate Veterans' Association, which was held during the past week, in Atlanta, brought together many of the most prominent Southern underwriters of this country. All the Southern department agencies were "receiving," and the offices of the different companies were turned into reception rooms. Prominent underwriters from Nashville, Chattanooga, Charleston, Louisville, Montgomery, Savannah, and other large places, were in attendance.

Compact manager, Sol. Bloodworth, of Birmingham, is on the sick list, and Mr. F. H. Reynolds, of Atlanta, is holding down the Birmingham office for him. Mr. Bloodworth is one of the most popular insurance men in Birmingham, and all hope for his speedy recovery. He is, at present, in Atlanta, having his eyes treated.

Mr. M. J. Dillard, a prominent insurance man of Florence, Ala., who looks after the interest of the Williamsburg Fire, in that State, has been appointed Alabama manager for the Pacific Fire. Mr. Dillard is the senior member of the firm of M. J. Dillard & Co., local agents at that place.

Mr. F. W. Williams has been appointed stamping clerk at Macon, Ga. The Chamber of Commerce, of Macon, are putting in a claim for lower rates. The people of this progressive Georgia city have claimed all along that they were paying too high rates and they are now endeavoring to get recognition on this line through the Chamber of Commerce. Rates at that place do seem too high, taking into consideration the splendid water and fire departments of that city.

Mr. C. Furber Jones has been appointed special agent for the National, of Hartford, and the Mechanics and Traders, of New Orleans. Mr. Jones resides at Charlotte, N. C., where he looks after the interest of the Piedmont, as its secretary and manager. "X. Y. Z."

SUGGESTIONS TO A YOUNG ACCOUNTANT ON ADJUSTING A FIRE LOSS.

Mr. Frank Blacklock, expert accountant and special examiner of the Maryland Insurance Department, contributes the following interesting paper for *Business:*

There will come in time to the young accountant who has started for himself in a provincial town, the call to assist in the adjustment of a loss by fire, and it may be well to devote a little time to the manner in which so delicate a subject should be handled.

If the accountant should be employed by the insurance adjusters who are representing the insurance companies, much is to be learned, as fire insurance adjusters are to be classed among the best educated specialists, in their own peculiar lines, in this or any other country. The adjustment of a large fire loss brings together a number of adjusters to represent the fire insurance companies, some of whom may be classed with mercantile or manufacturing accountants of the highest order—men to whom all ways and methods of handling per cent, common and decimal fractions, the differential calculus and extracting the cube root are as familiar as household words. Other adjusters there are who have the current market value of all kinds and descriptions of merchandise—manufactured, in process of manufacturing, and raw material—at their fingers' ends; and again in this company are to be found the trained electrical as well as the expert mechanical engineer. The skilled detective also adds, as an adjuster, his unerring knowledge of human nature, and in a surprisingly short time can accurately determine if the fire loss which has brought them together is of an accidental origin or an effort to sell out a large and shopworn stock of merchandise to the insurance companies.

When such men as these meet in friendly conference, but little remains for the accountant to do but to obey instructions, and work out results along the particular lines which may be indicated to him. These instructions, generally, are to verify the statement of loss submitted by the assured, consisting of checking invoices, adding or checking up additions of sales and returns, and going back into previous years' business of the assured to ascertain the past earnings.

But it may be that the public accountant is called upon to assist the assured in making up his loss to present to the insurance companies, and these few suggestions will prove of some value. In the first place the insurance policy, which is the contract of insurance, should be carefully read and studied, as its provisions have generally been upheld by the courts as reasonable conditions. In this policy there are many provisions relating to buildings and machinery, with the appraisement of which the accountant will have but little to do; but when it comes to determining the actual cash value of a stock of goods, wares, and merchandise at the time of the fire, all of which have been totally destroyed, then will all the common sense and learning that the public accountant possesses be necessary to prepare an accurate and absolutely fair showing; one which will not only be above criticism by the adjusters, but such a one as the assured can clearly explain to a common law jury, where the decision will ultimately be brought unless an agreement can be arrived at between the companies and the assured.

Unfortunately, the crude and illogical manner in which many merchants keep their accounts renders the arriving at an accurate statement a tedious process. In a case where the books have all been saved and kept by double entry in a scientific manner, the stock of goods on hand at the time of the fire is not a difficult matter to determine, but for the sake of illustration, we will suppose many of the books of original entry have been destroyed, and what few there are remaining will necessitate the practical rewriting of the business.

Get the last inventory that is in existence as a starting point, and to this add every purchase since made to the date of the fire (but be extremely careful not to include any purchases that have been made near the date of the fire that have not actually entered the premises, as this oversight sometimes occurs when it should not). The freight and any fair charges that would add to the cost of the goods should also be added, and, in a manufacturing business, the wages that have entered into the manufactured article. Of course, all this will take a careful analysis, but when you have explained what you want to the assured you will receive great assistance from him and his clerks. Having arrived by this process, at the total of the amount of goods that would have been in the premises had no fire occurred or sales been made, there then must be deducted the cost of the goods sold.

When a sale is made there are two elements entering into the sale, namely, cost and profit, and it then becomes necessary to eliminate the profit, which is usually done by employing the per cent method of calculation. If an article that cost one dollar is sold for two dollars, there is one dollar profit on the sale, or one-half of two dollars, which is 50 per cent; and if an article that cost one dollar is sold for one dollar and fifty cents, there is fifty cents profit on the sale of one dollar and fifty cents, or 33 1-3 per cent profit. Of course, one must be familiar with the theory of the calculation by per cent, or he had better be careful of tackling an insurance adjustment, but these few ideas may help him to explain the principle to the assured. The annexed exhibit will more fully illustrate what I have tried to make plain:

Inventory taken January 1, 1897, shows goods on hand amounting to.....	$100,000 00	Sales from January 1, 1897, to date of fire.	$400,000 00
Purchases at prime cost from January to date of fire	300,000 00	Deduct an estimate of 30 per cent for gross profit on sales	120,000 00
	$400,000 00	Leaves ..... which is the *cost* of the goods sold.	$280,000 00
Deduct cost of goods sold	280,000 00		
Goods destroyed.....	$120,000 00		

To this can be added a fair per cent for freights, handling, and appreciation, or, if the stock is an old one, a depreciation should be allowed for. Of course, if there is a partial loss, the appraised value of the goods remaining on hand will have to be deducted from what would have been the total loss.

In making up a proof of loss, as the statement is termed, be strictly fair and absolutely honest, as these statements are subjected to the strictest scrutiny by the adjusters, and if there is a flaw in all your work "I bid ye tak' tent." They will soon determine if the errors are honest or dishonest, and will act accordingly, and an insurance company, in adjusting a loss that the adjuster suspects is not an honest one, can make itself about as disagreeable as it is possible for a corporation that has neither soul to be saved nor head to be punched, to do.

An adjuster once had to look up a loss on a stock of shoes, and not finding the heels, asked for them. He was met by the reply that the heels had been burned; but the adjuster soon demonstrated to the assured that a shoe heel would not burn up at all, and the loss was settled by the adjuster on his own terms. To have to deal with a condition of things beyond the limit of indisputable fact will savor of the prophetic, and this is a faculty that is developed in fire insurance adjusters to the utmost limit. Yet, as a rule, adjusters claim to be fair-minded men, from their own standpoint, and will appreciate being dealt fairly with by the representatives of the assured in a fire loss; but all adjusters sympathize with the companies.

The proof of loss must be delivered to the company within sixty days from the fire unless waived in writing by the company. The mode of preparing this proof is set out in one of the claims of the policy.

Law Department.

In the District Court of the United States for the District of Maryland—In Admiralty.

KENDALL H. SCHULTZ *v.* SCOW NO. 190, AND 450 BALES OF COTTON.

(Filed July 12, 1898.)

Morris, District Judge.—This suit originated in a libel for salvage filed May 18, 1898, by one Schultz, owner of a steam tug, against the Bay Line scow No. 190, and 450 bales of cotton.

On May 17, 1898, about noon, a fire broke out on the wharf of the Baltimore Steam Packet Company, usually called the Bay Line, in the port of Baltimore, while a scow belonging to said Bay Line was lying at its wharf, having on it 450 bales of cotton, just brought from Norfolk by one of the Bay Line steamers, and which was about to be sent on board an ocean steamer of the Johnston Line to be carried to Liverpool.

The libellant, Schultz, alleged that about 1 o'clock on the day of the fire he discovered the scow adrift in the harbor with the cotton on fire, and that he had towed the scow to a place of safety, and by pumping water upon the burning cotton he had, with some assistance from other steam tugs, finally quenched the fire and had saved the scow and a great part of the cotton.

On the 20th of May, Mr. William Cunningham, as agent of the owners of the cotton, filed in the case his claim for the cotton, and the Baltimore Steam Packet Company its claim for the scow.

By agreement the damaged cotton was delivered to Mr. Cunningham in order that he might deal with it for the benefit of all concerned. Upon a survey the cotton was found to be much burned and wet and the bales bursted and marks not decipherable, so that it was totally unfit for shipment to Liverpool, and the surveyor recommended that it be sold.

On the day after the fire, the agents of the Johnston Line, learning of the condition of the cotton, notified the Steam Packet Company that they would not receive it. Mr. Cunningham had the cotton at once put in condition for immediate sale, and on May 26th it was sold at auction as wet and damaged cotton.

The sound value of the 450 bales was $13,685.45; the net proceeds of the sale were $8560.03. Out of these proceeds Mr. Cunningham has by agreement settled the claim for salvage and other expenses, and has in hand the remainder subject to such decree as may be passed in the matter now before the court.

The present controversy arises upon a petition of the Baltimore Steam Packet Company to be allowed out of the fund a claim for freight pro rata itineris.

The cotton had been shipped from places in Georgia to be carried by railroad to Norfolk, Virginia, and from there had been brought on a steamer of the Baltimore Steam Packet Company, called the Bay Line, to Baltimore, to be delivered by it upon lighters to a steamship of the Johnston Line to be carried to Liverpool.

For 200 of the bales there had been issued through export bills of lading at an agreed through rate of so much per hundred pounds from Newman, Georgia, to Liverpool. These bills of lading called for transportation by the Atlantic and West Point Railroad to Atlanta, by the Southern Air Line to Norfolk, by the Bay Line to Baltimore and by the Johnston Line to Liverpool, with different stipulations for different parts of the route.

The other 250 bales had been brought from Georgia by railroad to Norfolk, and a bill of lading had there been issued by the Bay Line and the Johnston Line at a through rate per hundred pounds from Norfolk via Baltimore to Liverpool. There was a memorandum on the bill of lading that $301.63 back charges had been paid. It was also stipulated that a delivery by the Bay Line (the cotton being lightered at shippers' risk), to the Johnston Line should end the liability of the Bay Line. The through rate was divided among the carriers by agreement, and according to their understanding each paid, when it received the cotton, the accrued freight charges of the preceding carriers. This was, however, an arrangement between the carriers which did not concern the shippers, as they were only to pay the through rate upon landing of the cotton at Liverpool; but it was notice to them that the cotton was to be carried from point to point by successive carriers.

With regard to the condition of the cotton after the fire, it was obvious to all concerned that it was, commercially speaking, impossible to send it forward. A considerable quantity had been burned up, all the bales had been burst open or so defaced that the baling and the marks were gone. The agents of the ocean steamer would not touch it for fear that fire might break out again in some portion of it.

There were no appliances in Baltimore for putting it into merchantable shape, if it were anywhere possible to do so. It was recognized by all that the only sensible course was to accede to Mr. Cunningham's suggestion, that he, as representing the underwriters and owners, should take the damaged cotton in charge and dispose of it promptly before the damage and expenses made the loss greater.

The general rule is that the freight cannot be recovered unless the stipulated voyage has been actually performed, or is prevented, or is dispensed with by the shipper, and there is at common law no implied promise to pay pro rata itineris for carrying the goods a part of the voyage, unless the owner of the goods voluntarily, and not under compulsion, accepts the goods at an intermediate point in such a way as to raise a fair inference that further carriage of the goods was intentionally dispensed with.

Herboom *v.* Chapman, 13 M. & W. 230; Osgood *v.* Grunning, 2 Campbell, 466; Hunter *v.* Prinsey, 10 East, 378; Mitchell *v.* Darthez, 2 Bing. (N. H.), 555; Caze *v.* Balto. Ins. Co., 7 Cranch, 358; 1 Wash. C. C. 530, Hurtin *v.* Union Ins. Co.; The Ship Nathaniel Hooper, 3 Sumner, 542; Hutchinson Carriers, 455 et seq.; 1 Parsons' Admiralty, 239.

Under the older rule applicable to continuous voyages, it would seem that when goods were damaged in the course of the voyage, and from necessity sold at an intermediate port, they were not liable for any freight whatever. The ship "Nathaniel Hooper," 3 Mason, 542–549.

But more recently, and with respect to the carriage of goods for long distances under bills of lading, which recognize several distinct carriers and stages of transportation, it has been held in the Admiralty, that when the further transportation of the goods is prevented by some incapacity in the goods themselves, and a condition of things arises which makes a sale, or delivery to those representing the owner of the goods, at one of the recognized points of transshipment, and where there is a market for the goods, the only really practicable course, then a reasonable rule of partial compensation for the service performed may be applied. The case of the British and Foreign Marine Ins. Co. *v.* Southern Pac. Co., heard first in the District Court for the Southern District of New York, 55 Fed. Rep., 82, and then on appeal in the Circuit Court of Appeals for the Second Circuit, 72 Fed. Rep., 285 (1896), was, in its facts, substantially similar to the present case. The finding of facts in that case does not state the difficulties of forwarding the damaged cotton as strongly as the evidence shows them to have been in this case. But the difficulty was in fact the same. No refusal by any ocean steamer was proved as in that case, but it is obvious that no steamship company would want to take on board for an Atlantic voyage a lot of partially burned cotton recently in a fire, and no merchant would want to send such merchandise to Liverpool. It seems to me to be making impractical distinctions likely to confuse and embarrass business transactions to attempt to distinguish the facts of that case from this. In the case referred to, it was held, in both the District Court and in the Circuit Court of Appeals that the Southern Pacific Company, which had brought the cotton to New York from ports in Texas, and had advanced freights to the preceding carriers who had brought it from the interior, it all being billed through for shipment from New York to European ports by steamers from New York, was entitled to be paid pro rata freight on the cotton damaged by fire while on the pier or in lighters at New York, and which was sold because damaged and not fit to be carried forward. It was held that acceptance or acquiescence by those representing the owners of the cotton under such circumstances raised a fair inference that further carriage of the cotton was dispensed with, and implied an agreement to pay pro rata freight. In these commercial cases the rule should be uniform and certain and easily applied, and it is important that the courts should not lend themselves to confusion by subtile distinctions. The rules of general average and for settling losses arising from disasters must be somewhat arbitrary, but it is most important that they should be fixed in order that merchants, carriers and insurers may make their contracts understandingly.

Accepting, therefore, the decision of the Circuit Court of Appeals of the Second Circuit as the rule to govern this case, I hold that the petitioner is entitled to receive the back charges for freight paid by it in respect to the cotton not destroyed, and its freight charges on the cotton not destroyed. These items of freight and back charges allowed the petitioners must contribute their proportionate share of the salvage and attendant expenses.

In respect to the cotton destroyed, the petitioner can recover neither the back charges nor its freight.

MEDICAL DEPARTMENT.

ALBUMINURIA FROM THE STANDPOINT OF LIFE INSURANCE.

BY MARK A. BROWN, M. D., *Cincinnati.*

At the present day, in considering the advisability of accepting a certain risk, the presence or absence of albumin in the urine may be readily regarded as the deciding weight, either for rejection if present or acceptance if not. Certain it is that the examination of the urine for this abnormal ingredient is looked upon by the home office as of such importance that except in industrial insurance, no report will be accepted without definite statements. Nor is this a matter of surprise when we remember the large number of fatal diseases accompanied by albuminuria. In many companies the albuminuria alone is sufficient cause for rejection and the underlying disease, if not entirely disregarded, is at least looked upon as a matter of but small moment. In this manner mistakes are made upon both sides. No greater error can be made than to look upon every case of albuminuria as Bright's disease, unless it is to regard every case not accompanied by albuminuria as not being Bright's.

It has been estimated that about one-sixth of the applications for life insurance (ordinary) are refused, all causes being taken into consideration. At least one-fourth of these rejections are based upon the presence of albumin in the urine. It is preposterous to assume that one twenty-fourth of the number that apply for life insurance are afflicted with nephritis; we must always be on the lookout for other explanations than irreparably damaged kidneys to account for our symptoms. Nor must it be forgotten that albumin may exist in the urine in several forms, of which serum albumin is the most important, responding to the usual rough tests applied by examiners. Again an admixture of urine with substances containing albumin, blood, seminal and purulent fluid, will throw down a white cloud to the heat and nitric acid test just as readily as will a chemical solution of albumin in urine. Here enters a first plea for microscopic examination in all cases where the slightest trace of albumin is found. A small amount of any of the above abnormal admixtures might and, as a matter of clinical observation, frequently does escape detection on macroscopic examination, yet even such a small amount may cause a slight albuminous reaction, a reaction very like that of chronic interstitial nephritis, the disease which so slowly but surely carries off such immense numbers of the race. One's doubts as to the existence of such abnormal constituents as pus cells, blood corpuscles or spermatozoa in the specimen under consideration, will be at once dispelled by a few minutes use of the centrifuge and microscope. When we reflect upon the large number of pathologic conditions which might result in the pouring out of blood or pus, or both, into some part of the genito-urinary tract, especially when we remember the great prevalence of urethritis, simple and specific, acute and chronic, we are not much surprised at the frequency of albuminuria; indeed, we are rather inclined to feel correspondingly encouraged at the lessening of the number of cases of possible Bright's. Of late years the increasing frequency of life insurance among women, while not liable to increase the average of insurance mortality of Bright's, yet certainly must hold its own as regards the ratio of albuminuria. Menstruation, endometritis and vaginitis, would easily maintain the standard. From this it can readily be deducted that uranalysis in a female is not of much value unless the urine is obtained by means of the catheter.

Albuminuria in its present day aspect is divided by clinicians into two types, the physiologic and the pathologic. The former is a convenient head under which to class cases in which the symptom is transient or intermittent, and in which it occurs, presenting no other sign of kidney or circulatory disease. The albuminuria of pregnancy is termed by the adherents of this class as physiologic in a large number of cases; that it is a frequent symptom among women in this condition is admitted by all who have looked closely into the question, Aufrecht reporting as high as 56 per cent. In new-born children albuminuria is common during the first few days of life, but the changes in circulation would readily acconnt for this. Among these intermittent cases, the albuminuria that occurs in bicycle riders is of late receiving deserved attention. Mueller* reports eight cases in trained cyclists, in whom, after a fatiguing ride, there appeared an albuminuria which even with the aid of the microscope was absolutely indistinguishable from that of true nephritis. It is interesting to note that after several days of rest the albuminuria disappeared. The urine when examined previous to the ride was free from albumin in all cases but one, while after the ride seven out of the eight showed albuminuria and the majority casts of various kinds. These cases will be referred to again in speaking of the pathological type. Suffice it to say here that they were regarded as physiologic, by their reporter, on the grounds that the albuminuria was intermittent, disappearing completely on the cessation of the excessive exertion, without apparent damage having been sustained by the kidneys. The ultimate fate of these men might make an interesting contribution to the etiology of nephritis. Vaccination is not infrequently followed by transient albuminuria in subjects who were previously free from the abnormality. And so we could go on adding case after case called physiologic because the albuminuria is transient and is not accompanied by casts. Tyson,† in considering physiologic albuminuria, writes: "The presence of a physiological or functional albuminuria at the present day is generally conceded. By it is meant an albuminuria which is associated with no other symptoms. There are no tube casts or feeling of ill-health. Such albuminurias are often discovered accidentally, especially by examiners for life insurance. Much care should be exercised in concluding upon the nature of an albuminuria suspected to be functional. In the first place it should be small, not exceeding one-tenth the bulk of urine tested, and though it is not necessary that it should be absent on rising, yet it is a strong point in favor of the functional nature if it is absent at this time and present only after some exertion has been made or on taking food. No tube casts should be in the urine, the urea should be in sufficient quantity, there should be no retinal change, no hypertrophy of the left venticle, no high tension of the pulse, nor even a suspicion of dropsy. *And this condition should be maintained over a considerable length of time* before the conclusion is arrived at that we have to do with a harmless functional albuminuria." This latter italicised clause practically settles the question as far as life insurance is concerned. Very few applicants will consent to wait patiently for several months, "on trial," as it were, submitting themselves to the inconvenience of frequent examinations of their urine. If they are not rejected immediately they will soon suspect from the delay that there is something wrong with their urine, and will withdraw their application before it is rejected. No, a company must do one of two things, accept or reject; half-way measures will do much to weaken a company.

It is a fact constantly brought out from insurance offices that cases of albuminuria which have been insured show a large and early mortality. These are selected cases, looked upon as of cyclic albuminuria by the examiners, which latter have returned favorable prognoses. Is it not more reasonable, in light of this fact, to regard many of such cases as in the first stage of that organic change which leads to granular atrophy? Take the instance of the trained cyclists referred to above, for example; a frequent repetition of the exercise which was followed by the appearance of albumin and casts would inevitably bring about organic destructive changes in the kidney substance itself; for we know that if an irritative lesion be exerted upon an organ over a considerable period of time newly formed connective tissue will result, to be followed sooner or later by cicatricial contraction. In the infectious diseases, smallpox, diphtheria and typhoid, the presence of albumin in the urine is of common occurrence, and no one attempts to claim that such albuminuria is physiologic, though it may disappear entirely without sequelæ with the cessation of the original disease, and is not always accompanied by the appearance of casts. Here the specific microbe of the disease or its ptomain is said to bring about changes in the circulating fluid, followed by fever, increased arterial tension, and finally by structural changes in the cells of the internal organs. The kidneys participating in this cloudy swelling, as it is called, the organic changes occurring in the delicate epithelium of the tubules and glomeruli readily allows the transudation of albuminous elements from the blood, which would be rejected were its integrity preserved. This is the main principle underlying every case of albuminuria; some interference with the integrity of that portion of its secreting structure that acts, as it were, the part of a dialyzer—in other words the epithelium of the tubes. As long as this remains intact, just so long will the non-osmotic albuminous elements be prevented from entering the tubules and eventually the urine; the greater the destruction of epithelium, the greater the amount of albuminuria, provided the tubes do not become obliterated as they do in chronic interstitial

*Muench. med. Woch., 1896.

†Tyson's Practice of Medicine.

nephritis. From this standpoint the pathologist would regard every case in which albumin was present as pathologic, even though pathologic structural changes were few and microscopic. He would look upon any case of transient or intermittent or cyclic albuminuria, not as a physiologic process, but as a pathologic one, in which the ever working silent forces of nature had succeeded in calking the leak, in replacing the diseased or destroyed epithelium; in short, that no such thing as physiologic albuminuria exists; that every case in which this symptom occurs is pathologic and is always accompanied by definite organic nephritic change, though they may be of only microscopic size and are quickly repaired. To quote from Osler,* "the presence of albumin in the urine, in any form and under any circumstances, may be regarded as indicative of change in the renal or glomerular epithelium." From a life insurance standpoint, one cannot but regard the matter in the same light. When we consider the enormous interests often involved and the frequent crudeness of the urinary examinations, the rejection of cases with albuminuria without casts or other symptoms of nephritis cannot be looked upon with surprise, though such rejections might add a powerful enemy to the company to say nothing of the loss of his premiums.

As shown above, the presence of albumin in the urine means very little in itself, aside from giving us a strong hint for further investigation, for a considerable amount of albumin may be present and the kidney lesion be slight, or we may have other of the genito-urinary organs at fault. We have but one way of thoroughly understanding the condition and that is by microscopic examination. On the one hand we may have no kidney trouble, yet considerable albuminuria; on the other, we may have chronic inflammatory disease of the kidneys well advanced without the constant presence of this substance in the urine. It is of the greatest value for the home office to know what has been found under the microscope, when albuminuria exists.

In that most common of kidney diseases, that slow inflammatory process in which by the contraction of gradually formed new-formed tissue, the kidneys are reduced markedly in size, chronic interstitial nephritis, gouty kidney, contracted kidney or whatever one may choose to call it, the urine usually presents the following changes: Passage of a larger quantity than normal in the twenty-four hours, a low specific gravity, almost without color; in these albumin may be found only after testing several samples of urine and then only in traces. The heart and arteries would next claim our attention. The presence of an hypertrophied left ventricle without valvular disease, combined with a pulse of increased tension, would be significant. Arterio-sclerotic changes in the radials or temporals would be strong evidence of a similar change in the arteries of the kidneys. One of the most valuable points in the diagnosis of suspected Bright's disease, especially of the form under consideration, is a dilated, tortuous, congested appearance of the retinal vessels; pulsation of the retinal veins is also frequently observed. As mentioned above, the urine may at times be free from albumin, but continued examination will eventually prove its existence. The difficulty lies in the fact that even in policies calling for many thousands of dollars but one urinary examination is made, or if there are two examiners on the case, both obtain a specimen passed at approximately the same time. Undoubtedly, large numbers of cases of beginning atrophic cirrhosis are passed every year in this manner. In the incipient stages of this disease, probably the symptoms above mentioned would not be sufficiently in evidence to provoke comment, unless we except the retinal changes. How few of us, however, outside of specialists, are able to make a satisfactory ophthalmoscopic examination! One interesting fact in regard to the etiology of Bright's disease must not be lost sight of: That the form known as chronic interstitial nephritis rarely occurs before the age of 40. Now what shall we do in cases where an albuminuria has been found or even when albumin is not present? It seems that the only remedy is to have a microscopic examination made in every case in which the application calls for more than a certain fixed sum, say $2000, provided the applicant is over 40 years of age. Some companies have instituted such a plan when the application calls for a large amount, $20,000 or over. This is a step in the right direction, but the limit should be greatly lowered. Companies would do well in securing this end to appoint in all cities, in addition to their regular examiners, one microscopist, whose sole work should be to make the microscopic tests whenever required by the amount of the application. Such an examiner would be working independently and would not be hampered in the slightest degree by the influence of agents. He would know nothing as to the other findings in the case and his results would stand strictly on their own merits. In this way, too, statistics would be soon forthcoming from the home offices as to the frequency of albumin without casts, casts without albumin, presence of both albumin and casts, and a satisfactory working basis started. In time we could work backward and the poor unfortunates, from a life insurance standpoint, who have habitually slight albumin without casts, instead of being universally rejected, be allowed insurance, though perhaps at an increased premium.

* Osler: "Principles and Practice of Medicine," 1895, p. 768.

THE COMPANIES.

SUN INSURANCE OFFICE.

No insurance company in the world has a finer reputation or a higher prestige than this old office, which was founded so far back as 1710. It has a splendid home business, carefully selected foreign risks, is cautiously managed, is backed by immense influence and funds, and yet there are occasions, rare ones we admit, when the trading account comes out on the wrong side. There is an idea in the minds of the majority of persons who are not in touch with the business of fire insurance—and particularly those who spend their lives away from the great business centers—that it is a business which necessarily yields immense profits to all who engage in it. But an examination of the records of one of the finest offices in existence has only to be made to prove the fallacy of this idea, for if the trading account of any concern should invariably show a profit, it should be such a company as the Sun, and yet we find it is not so. The contrast between the report for 1893 and that of 1897 is very remarkable, but it only goes to prove that, after all, fire profits are a most uncertain quantity, and that the talk about excessive insurance rates and "the tyranny of the insurance ring," as it is called, is to a very great extent absolute nonsense. These fluctuations in the amount of profit prove another thing also, and that is the necessity of such a concern holding large sums in reserve.

During the year ending December 31st last, the premium income of the Sun increased from £969,685 to £1,012,340. The result of the trading is shown at a glance by the following figures:

Premiums received		£1,012,340
Losses	£588,296	
Expenses and commission	343,252	
		931,548
Surplus		£80,792

After adjustment of the reserve of premium for unexpired risks—which is maintained by the Sun at the fixed ratio of 40 per cent—and adding the income from investments to the surplus, the balance on the revenue account for the year stands at £142,401. An interim dividend at the rate of 4s. per share was declared last January, and a further dividend of 4s. 6d. per share is now recommended. The sum of £102,000 is thus absorbed, so that a handsome addition is made to the reserves as a result of the year's operations. Both as regards magnitude and results the figures of the present report are well worthy of one of the pioneers of fire insurance, and it may be confidently stated that during the whole of its long career the Sun Fire Office has never been in a stronger or more satisfactory position than it is to-day.

At the close of the year the reserves, apart from the paid-up capital of £120,000, stood at £1,861,652.—*The Policy-Holder.*

LANCASHIRE INSURANCE COMPANY.

The chairman of the Board of Directors of the Lancashire Insurance Company, at its recent annual meeting, paid the following compliment to its trustees in New York, and to its managers and agents in the United States:

As regards our American business, this is now on a satisfactory and remunerative basis, and in the absence of exceptional circumstances, we may look forward to the steadily profitable results which have attended our operations there for the past four years. I would take this opportunity of acknowledging the obligations of the company to our trustees in New York, who are always ready to give us the benefit of their great knowledge and experience in financial matters—to the managers of the various branches there, and to the large body of agents all over that vast country, the scenes of our operations being so distant, we must necessarily leave much to the judgment and discretion of our officials on the other side of the Atlantic; for while we here lay down broad lines of policy, the details and general conduct of our business must be entrusted mainly to the hands of our responsible officers.

THE semi-annual statement of the Continental Insurance Company of New York, to July the 1st, 1898, has been issued, showing a magnificent array of assets, aggregating $8,839,595.24; with a net surplus of $3,282,898.24; after deducting the cash capital of $1,000,000.

The Continental has a grand record, and this statement exhibits its remarkable growth and prosperity. We tender to President Moore and the officers, our congratulations, at the early prospect of the company reaching the ten million notch.

THE many friends and patrons of the Central Accident Insurance Company of Pittsburg, will be pleased to learn of its substantial progress during the first half of 1898. Over 50 per cent increase in cash premiums is the record of which the company may well be proud. Its management ranks among our most conservative underwriters, doing business only in low loss-ratio States on safe lines, making it one of the safest and best companies to insure in.

THE American Bonding and Trust Company of Baltimore city, closed its business on June 30th, 1898, with assets amounting to $690,342.03, and with a surplus above its $500,000 of capital stock, of $100,879.41. Among the items of its assets, we note with pleasure, that it has over $280,000 of Baltimore city stock, than which no safer and better security can be shown by any company. United States bonds; City of Richmond stock; City of Cumberland, Md., bonds; Norfolk (Va.) County bonds; City of Manchester (Va.) bonds—such are a few of the items of its assets' list, which are "gilt edged," and at the same time Southern securities. The Company is a great success, and will be greater in the future.

IF the Preferred Accident had caught in the Bourgogne disaster, the two $10,000 losses which it escaped by lapses, it would have been abundantly able to promptly pay the same, without missing the amount. The "gains" in the six months, from January to July, 1898, rose from $569,892, to $603,973, and surplus to policyholders from $241,794, to $275,265.

The important lesson of always carrying accident insurance, was never more forcibly exemplified than in the Bourgogne disaster. Such terrible accidents have been fewer of late years, but there is no telling when they may come. But to lapse a policy while going abroad on any steamer line, is worse than folly. The Preferred Accident may be $20,000 better off, because of the lapses, but the families are that much poorer, by the mistake of the deceased.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s*. Advertising Rates on Application.

BALTIMORE, AUGUST 20, 1898.

PRESIDENT JOHN A. MCCALL is one of the trustees of the Munich Reinsurance Company of Munich, for the United States.

THE *Insurance Post* presents its readers with an admirable portrait of an able officer—John M. Holcombe, vice-president of the Phoenix Mutual Life Insurance Company of Hartford—now 50 years of age, an A. M. of Yale, an actuary of marked ability, an able writer on insurance and economic subjects, and a rare executive officer.

"IT seems" to the *Insurance Journal* "quite certain that if State supervision is to live, it will have to modify some of its recent demands, and will have to organize in such a way as to at least court, if not compel, the respect of mankind." Our Washington contemporary, *Views*, never said anything harder of State supervision than the above. But why should State supervision continue to live?

YALE UNIVERSITY has done a graceful thing in conferring the degree of Master of Arts on Colonel Jacob L. Greene. His life-work has been well done and his ability as a writer on life insurance ranks second to no man in the profession. Whether or not one agrees with him in his vigorous assaults on some parts of life insurance, all admit that honest conviction has been forcibly expressed.

THE ÆTNA for July has a spirited picture of the gallant old ship, the Constitution—Old Ironsides—as well as a graphic account of her glorious conflict with the Guerriere. Whatever may be said about the fighting qualities of battleships and armoured cruisers, no more gallant action than that at "pistol-shot distance" between those old-time ships, with all sails bellied by the wind, was, or ever will be, fought.

WE note the filing of two libel suits against insurance newspapers. The *Underwriters' Review* has been summoned before the Circuit Court of the United States to answer "for publishing libelous and defamatory articles" about the Western Mutual Life Association; and Clunie of California has arraigned the publisher of the *Coast Review* for libel. We shall watch the result in each case, with every sympathy for the defendants.

IF there is to be a recrudescence of anti-rebate, let it await the return of frost—the present state of the thermometer and the conditions of the Terms of Peace in California and with Spain are quite enough for the press with 90° of heat distressing all hands. Speaker Reed has a campaign for re-election, small indeed, but, notwithstanding, it is enough, and quite as much as he desires for his summer outing. The 80 per cent of convictions so far ought to satisfy the most ardent advocate of anti-rebating.

THE settlement of the tax matter in California, between Commissioner Clunie and the insurance companies, if satisfactory to the latter, leaves nothing farther to be said. The companies must have had good and sufficient reasons for tendering the compromise, and in their helpless condition we see no good to come from criticising their proposition, by the acceptance of which by the State they are able to continue their business. With the national regulation of insurance the conditions which required such a compromise could not have arisen.

LATEST RULINGS ON INSURANCE TAXATION.

The gist of the tax exemption lies not in "locality," which is merely descriptive and cannot be fixed in extent, and may be a house, or a square, or a cross-road, or a county, or a State; nor in mutuality, but in the fact that the business is conducted "for the exclusive benefit of its members and *not for profit.*" And this construction is confirmed by the *proviso* for (insurance—marine, inland, fire) where the exemption is confined also to "companies carried on by the members thereof solely for the protection of their own property and not *for profit.*"

It is *profit* that the law does not exempt, and all other qualifications are purely descriptive; the terms mutuality, fraternal, beneficiary, purely local, co-operative and lodge systems must be descriptive of business conducted *without profit* of any kind to the members, in order to fall within the exemption.

The terms "fraternal beneficiary society, or order, or farmers' purely local co-operative company or association, or employees' relief association operated on the lodge system," were all inserted from suggestions in the debate, because there were such concerns known to members, and whose business was conducted for the exclusive benefit of its members and *therefore* not for profit. So whether a concern is or is not local,—for that is a term difficult to define, or fraternal, where again there is difficulty, or beneficiary, which has many meanings, or co-operative, which is not easily defined,—does not cut any figure in the exemption, which is intended to apply only to business, no matter how conducted, which is "*not for profit*"; and that word includes dividends, return premiums, additions to policies, or any other remuneration growing out of the business.

The commissioner has made a ruling that contracts of reinsurance are not subject to stamp tax, it being held that reinsurance is merely the assumption of some portion of a risk by one company from another company which has taken and therefore paid the tax on the full risk.

The latest rulings are as follows:

REINSURANCE.

TREASURY DEPARTMENT,
OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE,
WASHINGTON, D. C., *August* 5, 1898.

F. E. COYNE, ESQ., *Collector First District, Chicago, Illinois.*

Sir:—A letter from Mr. Thomas S. Chard, Manager of the Firemen's Fund Insurance Company, 153–155 La Salle street, Chicago, has come under notice.

Mr. Chard submits to the office the question of the liability to stamp tax of contracts of reinsurance. He also sets forth at length the nature and method of reinsurance.

From his statement reinsurance is understood to be an assumption by one insurance company of some portion of a risk which has been taken in full by another company and a policy duly issued therefor.

This is not done by the issuance of another policy, but is effected in accordance with a preceding contract between the companies, by an entry made by the insuring company in a register belonging to the reinsuring company, but kept for this purpose on the premises of the former. This entry is accepted by both companies as the yielding or cession by the insuring company to the reinsuring company of a certain portion of the risk taken and for which a policy has been issued by the former; and as an acceptance by the reinsuring of such portion of the risk as has been yielded to it, and an assumption of responsibility therefor to the insuring company.

The effect of this reinsurance, so far as the stamp tax is concerned, appears to be the same as if originally a policy had been issued by each company for the portions of the total risk which each respectively assumes. The total tax paid in such case on both policies would be the same as is paid, under the plan actually followed, by the insuring company on its single policy.

As a new policy is not issued in this transaction and as the full amount of tax due, in accordance with the amount of insurance upon property actually taken, is paid by the stamps affixed to the policy of the insuring company, and as the entry in the register referred to is not an undertaking of a new insurance upon property, but an agreement to share in the obligation and responsibility for an insurance already undertaken, such entry does not seem to come within the definition of a policy of insurance or other instrument by which insurance shall be made upon property of any description, and is not, therefore, subject to stamp tax under schedule "A."

This conclusion, however, rests upon the supposition that the division of the risk is attended with a credit to the reinsuring company of only, or not exceeding, its proportionate part of the premium paid.

But in case the risk should become extra-hazardous, and for this, or for any reason, a reinsurance should be sought, and should be obtained only upon payment by the insuring company of an extra premium beyond the customary proportionate share of the original premium, then the extra premium is evidence that the transaction is not merely a division of the primary risk, but is, to the extent of the extra premium, an actual insurance of the primary insuring company against an apprehended loss.

The extra premium is, therefore, taxable, and, if there be no other instrument or paper writing in evidence of this contract which can be stamped, then the proper stamp, duly canceled, may be affixed to the margin of the page in said register, opposite the entry therein made of such reinsurance. The amount of such extra premium should be set forth in said entry, and the register must be open to inspection by internal revenue officers.

You will please advise Mr. Chard in accordance with these instructions.

Respectfully yours,
(Signed) N. B. SCOTT, *Commissioner.*

STAMP TAX.—INSURANCE COMPANIES.

Mutual life insurance companies liable to tax, unless conducted for the benefit of the members, without profit to such members.—Fraternal, beneficiary, and purely local companies defined.

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
WASHINGTON, D. C., *August* 1, 1898.

Sir:—I am in receipt of your letter of the 25th ultimo, requesting that you be informed whether policies of insurance issued by your companies (copies of which you submit) are taxable under the revenue act of June 13, 1898.

You state in your letter that the company (Security Mutual Life Insurance Company) is a purely co-operative or mutual company; that it issues no stock, and has no stockholders; and that all profits or surplus assets go to its members in the way of dividends, reduction of premiums, or additions to policies in case of death.

The act referred to, in imposing tax on life insurance policies, provides that the tax shall not apply "to any fraternal, beneficiary society, or order, or farmers' purely local co-operative company or association, or employees' relief associations operated on the lodge system or local co-operation plan, organized or conducted solely by the members thereof for the exclusive benefit of its members and not for profit." It is clear from the language used that the exemptions made are not intended to apply to life insurance companies, although organized and conducted on the mutual plan, unless such companies are "fraternal," "beneficiary," or "purely local" in their character.

The term *fraternal* or *beneficiary*, as used in connection with life insurance companies, would seem to have no application to the company you represent; and, admitting it to be a purely co-operative association as claimed, its business, it appears, is not confined to any particular locality, nor conducted exclusively for the benefit of its members *without profit.*

Upon examination of the form of policy submitted by you, I also find that the premiums charged are at certain fixed rates, and payable at stipulated times, as in the case of ordinary life insurance, and not according to the assessment plan usually adopted by co-operative insurance companies.

From the examination given, I am clearly of the opinion that the policies issued by your company do not come within the exemption referred to.

Respectfully yours,
N. B. SCOTT, *Commissioner.*

Mr. J. W. JENKINS, *Counsel Security Mutual Life Insurance Co., Binghamton, N. Y.*

THE RISK OF PEACE.

Never before in American history have questions and problems of greater importance than those involved in the Treaty of Peace been presented for the consideration of all classes of the people. The members of the insurance profession, large in numbers, influential in council and representing interests of the highest importance, owe a duty to themselves as individuals, to their country as citizens, and to its future welfare as the administrators of vast wealth, to make their views public and potential.

We do not presume to assert that in this article we voice the opinion of that profession, but if our Americanism does not represent truly the views of the profession, we now tender our columns for any protest as well as for any assent, and will cheerfully publish all expressions of opinion.

Unfortunately, the consideration of these important problems has been clouded by the party epithets of "imperialism," "colonization," "expansion," "the advice of the fathers," "entangling alliances," "departure from the Monroe Doctrine," and "the consent of the governed." Not regarding any one of these venerable and venerated postulates as really involved in the problems presented by the terms of peace, we shall discuss the new situation from the standpoint of present duties and existing facts.

The unfortunate qualification of the declaration of war as to independence in Cuba was the senseless *sequitur* to inconsequential declarations of belligerency and independence inserted to carry out the platforms of party politics. To those declarations the Executive never assented and they ought not to be permitted to intervene between the people of Cuba, and our obligation, in law and morals, to give that people a stable and peaceful government.

With the ratification of the treaty of peace with Spain, the United States will have arrived at the "parting of the ways" in its march to future progress, and hereafter the nation must follow, either the paths marked out a century ago, or turn its face towards that highway of progress which leads down the twentieth century. Our country must continue to be bound by the counsel and advice given a century ago to meet exigencies and conditions differing in every respect from those existing to-day, or the country must resolve to accept the conditions evolved by a war which has resulted *in facts* which could not have been conceived of by the fathers.

In the short three months since the war was declared, we have seen developed conditions which now make the spirit of its declaration almost impossible to be complied with. We now realize that if the United States has fought Spain only to establish Cuban independence under insurgent auspices, we have been fighting for a hopeless cause with a worthless ally. Under every possible aspect the creation of a small nation in Cuba, when all over the world the tendency of the age is towards the enlargement of already great nations by the absorption of small countries, would be an anomaly unsuited to the era and contrary to the tendency of the times. Cuba under the protection of the United States might drag along an independent existence, but it would always remind one of that scene in the Miracle play where Adam passes before the audience on his way to be created.

The United States must stand in Cuba for law and order, for protection and prosperity to every Cuban without regard to his sympathy and action during the years of rebellion. The insurgents must be made to understand that they are only a part of the people of Cuba, and that the island will be protected from them as well as conquered from Spain. That duty on the part of the United States rises superior to the independence of the island. For while independence, which is won by a people, entitles that people to frame its government and administer its affairs, the independence which is conquered by another nation confers on the conqueror not only rights, but imposes duties which may and probably will require much restraint over the people for whose benefit the conquest is to result. That restraint violates no "American principle or precedent." A pupilage of nine years, from 1803 to 1812, was required of the Latin race in Louisiana before the consent of the governed among that Latin race was consulted. Florida, ceded in 1819, was made a Territory in 1822, and a State in 1845—a pupilage of 26 years. California, ceded in 1848, was admitted a State in 1850, only because of the rush of the "forty-niners" to the gold fields. Oregon, settled by Anglo-Saxons, was obtained in 1848, and admitted as a State in 1859. These were peaceful acquisitions, and yet a state of pupilage was required.

The consent of the governed, however well recognized in the principles of popular government, can have no place in the administration of conquered peoples, until long experience and trial have demonstrated their capacity to give consent. The United States has conquered Cuba by overthrowing Spanish sovereignty in the island, and now OWNS the island and its people by the highest title known to international law. It is *ours* to do with as we shall consider best for *our* interest. Any attempt to set up a government of Cuba by the Cubans, without a pupilage to the United States of at least ten or twenty years, will be hazardous in the extreme and contrary to the traditions and experience of our history. The people of that island have never had a legislative assembly; they have never even experimented with the framing of laws; heretofore their laws have been made for them, and they have been made to obey them. They have been governed, but they have never governed themselves. It requires more hard sense to govern than to be governed, and there is no evidence that Cubans of any class have learned the lessons of obedience which is the very first step in self-government.

For these reasons it will be well for the United States to take its own time and go very slowly, before making the doubtful experiment of a government in Cuba by the Cubans.

***

In the Philippine Islands very much the same political conditions exist as in Cuba. There we have destroyed the navy of Spain and hold possession of the principal harbor in the archipelago. And while we have not taken actual military possession of the land, we have there an army to seize and hold the strategic points which will give control over the islands and their inhabitants. There we meet also recalcitrant insurgents, neither able to govern themselves nor apparently willing to be governed by the United States. Nevertheless, the United States is there in force, navy and army, able to assert its right of conquest alike over Spain and the insurgents.

It is not possible in war to have affairs to one's liking, and often conditions must be accepted which embarrass alike our constitutional forms and administrative practices. But with the facts and conditions of war the United States must go forward carrying along the future welfare of the people of Cuba, Porto Rico and the Philippines. Or, the nation must stand still under the advice of the Eighteenth Century Fathers, and let Cuba drift into anarchy under independence, and the Philippines return to Spain to continue in the dry rot of Spanish and Friar misrule.

We entered upon this war, under our declaration for "humanity," with the confident expectation on the part of the people that Havana, the scene of Weyler's rule and the

place where treachery destroyed *The Maine*, would be the first place attacked, and that won, our pathway to an early peace would be smooth and clear. We have fought all over the world, but fired not a gun at Havana.

Cervera trailed our navy to Santiago, which we had not even blockaded, and we fought there the second great battle of the war. British neutrality in Hong-Kong compelled Dewey to look out for another harbor, and that of Manila offered him the battlefield for the first great victory. In not one instance was the field of fight selected by our authorities. Events have been shaped *for* and not *by* us.

***

The commercial importance of the Philippine archipelago cuts no figure in its capture—which was inspired solely by that rightful purpose in war to do all possible damage to the enemy.

But since an All-Wise Providence has graciously thrown that archipelago into our possession, there are practical and material reasons for preserving its advantages to the people of the United States.

An able and thoughtful paper in the August *Forum* on "The Spanish War and the Equilibrium of the World," by Mr. Brooke Adams, presents the material importance of the Philippine Islands to the United States, in the "revolution" now taking place in the movement of trade exchanges, and the efforts of each European government to secure new markets for the products of their people. It was trade that brought the Russians to Port Arthur, where they threaten Peking, the capital of China. It was trade that parcelled Africa among Europeans; it was trade that induced France to seize Madagascar, and a foothold in Asia. Trade carried England's possessions around the world. And it is trade that has made Germany so offensively officious to us at Manila. And trade having initiated the "open door" of British diplomacy, now threatens to keep it open by England's navy. But American enterprise will be the most potent factor both in opening and keeping open every port where trade and commerce may exercise their civilizing influences.

Mr. Adams well says that "competition has entered a period of greater stress; and competition, in its acutest form, is war. The present outbreak is, probably, only premonitory; but the prize at stake is now what it has always been in such epochs, the seat of commercial exchanges—in other words, the seat of empire." Why ought the United States to throw away the "prize" won by its navy and capable of being held by its army?

The demand for new markets for the products of the people of each nation has at this moment arrayed the nations of Europe in almost actual conflict. Our people need and demand new markets and the providence of God, with the cannons of Dewey, working in happy harmony, has thrown into the possession of the United States an archipelago on the frontier of Asia and opened the front door of that continent teeming with hundred millions of people.

What possible reason can be given for not holding that new market and using it to open others? That is not "expansion," nor "colonization," nor "imperialism," but trade, business, commerce—the very necessities of the people of the United States. The difficulty that will confront the man or political party proposing to give up the Philippines, will be the hauling down of the American flag. President Cleveland rightly ordered the flag at Honolulu to be hauled down. But the indignation that followed that lowering of the American flag is not likely to encourage its repetition. The flag that floats in triumph over the Philippines is the emblem of a victory of which every American is justly proud. To haul it down would be the confession of American inability to govern that which American valor had won. That confession, the American Senate is not likely to ratify, and it may prove as difficult to get out of Manila as it was to go in.

Insurance is the business of risk; it takes and delights in risks, and whatever risk there may be in holding an Asiatic market for American products, we believe the profession will underwrite, confident in the prowess of its country to take care of that risk.

IT is not said that in the phenomenal career of Mr. Ernest Tarah Hooley among the financial fools of London that he ever tackled an insurance company. But *The Spectator* of London says that at one time he contemplated the amalgamation of two or more. There have been, in the past, in this country several "Hooleys" who succeeded in amalgamating insurance companies under the form of telescoping two or more, but when the new concern was drawn out, it could not be seen through, and that fact changed the form to that of reinsurance. Safe for all parties.

INSURANCE by the State has been revived by the Populists of Maine, and appropriated by McNall of Kansas. But neither is entitled to the claim of originality. To some extent the scheme has been tried in the Cantons of Switzerland, and in 1856 was elaborately discussed in a message to the Legislature of Virginia by Gov. Henry A. Wise. It died out then and the same fate awaits it now. Unless the scheme was made obligatory by law on all property, the State tax-bill for the insurance tax would create dissension, and if all had to pay the insurance tax there would be a revolution before there would be a collection.

THE plan which "contemplates the incorporation by the United States Congress of a society which *shall be composed* of State supervision officials, membership of which shall be made *compulsory*, if possible, by State laws," with "permanent headquarters, with a paid secretary and clerk, at Washington," will never take on existence, because Congress has no power to incorporate such a "society." Nor has Congress power to incorporate for any purpose not distinctly "necessary and proper" under the specific powers of Congress as set forth in the Constitution. The scheme is *bosh*.

THE peregrination of a misdirected letter, with an expiration notice of a policy of insurance, is traced with minute accuracy by the *Weekly Underwriter*, which thus rebukes the Postoffice Department:

"A letter was mailed early in July from an insurance agency in Paterson, N. J., to an address at 270 Atlantic street in the same city, containing the notice of the expiraton of a fire insurance policy. By some means utterly unknown to us this letter had the address erased with a lead pencil and started on its travels. It has been to Springfield, Mass., Wapping, Buckland, Windsorville, Vernon Center and Hartford, Conn., and to two or three other places whose postmarks are illegible, and has finally brought up at the residence of a man of the same name three miles from any postoffice, in the northeast corner of the town of South Windsor, Conn."

If the letter did not reach the right man, it did get to the right name; and the erasure being taken into consideration, the Postoffice Department is to be commended for its persistency, under difficulty, in trying to do its duty. It is to be hoped that the house did not burn while the notice was travelling.

Local Matters.

THE Home Fire Insurance Company of Baltimore has complied with the laws of Minnesota.

INSURANCE COMMISSIONER KURTZ has prepared for distribution in pamphlet form the laws relating to insurance, as passed by the last legislature.

MR. C. D. SPAULDING, for several years soliciting life insurance for the National Life of Vermont, has been appointed agent of the Pacific Mutual Life of San Francisco, and has taken an office in the Fidelity Building.

AT the meeting of the stockholders of the Maryland Casualty Insurance Company, held on the 12th, it was unanimously voted to increase the stock from $250,000 to $500,000. This increase will be subscribed for at a premium to make the surplus over $200,000, the old stockholders taking all of the new stock under the privilege granted them.

A PLEASANT young man, presumably a freight clerk, recently entered an insurance office on South street and made inquiry of an affable assistant secretary the rate for insuring furniture; he was politely informed, 40 cents per 100. He then replied, "How is this, other companies mention the same terms, but how can I *weigh* the furniture." He was then courteously informed, 40 cents per $100.

THE Insurance Commissioner is required by law to examine once in four years the insurance companies organized under the laws of Maryland, and is now engaged on that work. To this date he has examined the Mutual Life, Immediate Benefit Life, American Bonding and Trust, Fidelity and Deposit, United States Fidelity and Guaranty, and the Maryland Casualty. All have been found in a good financial condition.

MR. R. E. WATSON, of Atlanta, Ga., formerly of the firm of Hass & Watson, general managers in Georgia of the Maryland Casualty Insurance Company, has been appointed superintendent of the railway accident department of the above company, with headquarters in Chicago. Mr. Watson is a man of much energy and ability, and in his new field will develop a good business. President Stone knows a good man when he sees him.

MR. FRANK T. PEARD has been appointed State agent of the Travelers Life and Accident Insurance Company of Hartford, for Maryland, succeeding Messrs. Thomas & Thomas, who have resigned. Mr. Peard for some years was Business Manager of *The Evening News* of Baltimore, and by his energy and executive ability brought that journal forward as one of the leading papers of this city. That Mr. Peard will make a success as the Travelers' representative is the best wish of his many friends.

AN illustration of how the war of rates in New York has destroyed any profit for the company or the agent, was given by one of our local companies in referring to an annual risk which was cancelled, on which the return premium was about $36, and in which the agent had to refund about $9, and then to offer the same identical risk for three years to the same company (which was declined) for the premium of $15, on which the agent had a commission of $3.75; this shows that with the present situation continuing there the time has come to remain away and not compete for the business at such suicidal rates.

THE *Insurance Herald* says: "In the letter, written by Thos. E. Bond, of Baltimore, to the Grievance Committee of the National Association of Local Fire Insurance Agents, read last week at the Detroit convention, he related the following incident: 'Not long ago I was asked by a well-known company for confidential advice as to the character of a proposed agent, Jones, and replied that, while he had a long tongue and long legs, he was somewhat short in the matter of moral reputation; but added that he had the fear of the law before him, and would no doubt, on that account, pay balances.' I was thanked for my trouble, and told: 'We have appointed Mr. Jones, as we cannot hope to be represented by angels.'"

THE Association of Fire Underwriters of Baltimore adopted a new rule at its meeting in May, known as Section 1, Rule 15, to take effect July 1st, but, as predicted heretofore, was not generally complied with by the members. At a recent meeting of the association a motion was made to suspend seven of the members for failing to comply with above rule, but it was defeated by a vote of 16 to 14. Then a committee of five was appointed to prepare a new rule, that will not be so drastic, and at same time brief and to the point.

Since the above action the Board of Control, through its chairman, sent this special notice to its members:

BALTIMORE, MD., *July* 29, 1898.

The enforcement of restrictions in Section 1, Rule 15, relating to numbers of agents, is suspended until further notice, and members are notified that said suspension confers no authority to make appointment of agents or sub-agents.

WE hear of narrow-minded men and those who like to get something for nothing, but in our experience of publishing this journal we have run across one of our life agents that surpasses anything for meanness that has come to our notice. A bill was left for him at his office for a year's subscription, and here is his reply:

"I am just in receipt of a bill for the UNDERWRITER. I was not aware of the date of my expiration, or I should have written you earlier in the matter.

I am a member of the Merchants Club, and as I see the UNDERWRITER there, and really read it there more often than at my office, there is no necessity of my renewing my subscription. I beg, therefore, that you will take my name from your list."

We trust he enjoys the UNDERWRITER at the Club with his *Wheeling Stogie*.

Correspondence.

LETTER FROM NEW YORK.

THE SITUATION IN NEW YORK.

Bulletins from this city will much resemble those from the sick room of a fever patient. The fever must run its course, and while the patient is getting worse, he is not any worse than was expected; he will get over it, but will show its effects for many years to come.

The Williamsburgh City, President Driggs says, did in July, '98, 25 per cent of the amount of its business of July, '97. It is said that the Fire Association of Philadelphia did about 10 per cent of the business done in July last year. The Delaware has reinsured its business with the Liverpool and London and Globe. The Girard has stopped doing business, several companies, who do not care to have their names mentioned, have done the same. Mr. Jos. M. Biggert, Secretary of the British American, expects business to be much worse for the second half of the year, and this is the expectation of all managers. Collections from brokers are getting more difficult, and an occasional advertisement by a broker, desiring to associate himself with a fellow-broker to reduce expenses, is significant.

Efforts to bring about a reformation of the Tariff Association are being talked about, but nothing is being done.

Agents report that out-of-town managers do not quite realize yet the actual state of affairs, and are writing and asking for "more rate" on particular risks and urging prompt settlement of accounts. The poor agent is not to be envied.

Much sympathy cannot be extended to some of the companies who have ceased to do business here. They have contributed their share to bringing on this demoralization. Some of them have paid so high a commission that their sub-agents have received 25 and 30 per cent, and to this, of course, must be added the expenses of a large office and the salary and commissions of its principal agent. It is nonsense for men now to talk of not accepting business because of inadequate rates. This so-called "senseless rate war" will fail miserably unless it is carried on long enough not only to correct inadequate rates, but "more than adequate commissions."

THE HANOVER INSURANCE COMPANY.

Your readers by this time will know of the reported attempt to buy up the Hanover Insurance Company of New York.

Price, McCormick & Co., of New York and Chicago, bought from E. S. Bailey, the well-known insurance stock dealer here, one hundred shares of the Hanover stock, and, it is conjectured, transferred them to a partner or employe of the firm of Hawkins, Delafield & Sturgis. Demand was immediately made for the person to whom the stock was transferred for permission to see the list of stockholders, and a copy was made of it.

These proceedings have only one meaning. The name of the

company behind Price, McCormick & Co. can only be conjectured. The officers of the Hanover have issued this letter to their stockholders:

HANOVER FIRE INSURANCE COMPANY,
No. 34 Pine St., New York City.

To the stockholders of the company:

It having come to the knowledge of the officers of this company that certain persons not heretofore interested in the welfare of the company, or who have obtained an interest within a short time, are about to approach the stockholders, it becomes the duty of your representatives to advise you of the fact and to say that we do not feel that it is in the interest of the company that any change in the management should take place. We would earnestly request that you do not dispose of your holdings until you have conferred with the officers of the company.

Yours truly,

I. REMSEN LANE, *President.*
C. A. SHAW, *Second Vice-President.*

We presume that Price, McCormick & Co. will by their future proceedings invite as little publicity as possible; nothing further seems to have been done, and we cannot hear that any of the stockholders have yet been seen in their interest.

It is probable, if the management is not strong, that nothing more will be heard until the company changes hands.

The Hanover's surplus was increased last year by over half a million dollars, but for several years back the company's operations have not been thought to show much vigor; its management expenses have been high, but it was hoped that these troublous times were past and a successful future in sight.

THE LINCOLN INSURANCE COMPANY OF NEW YORK.

The hearing in the case of the Lincoln Insurance Company's temporary receiver, which was set down for the 6th inst., was adjourned until the 8th of September. It seems very doubtful if more than sixty to seventy cents on the dollar will be paid, if so much. Mr. Riggs, representing the receiver, seems confident that the company can pay its creditors in full. Mr. Carley, late manager of the company, is just as confident that it will not do so.

Information, the outcome of several visits to the receiver's office, may be of interest to you. There were three companies partially under the same management, with offices at 45 to 49 Cedar street.

The protective Fire Lloyds, now out of business, was the first of these companies. The underwriters of this company are now in court pleading the limit of liability clause against claims. Each underwriter's liability is limited in the "power of attorney" to $5000; and according to the policy, to not more than five times the maximum amount which can be subscribed by the attorneys on one policy. Claims aggregating $8000 for each underwriter have been filed, and losses on $140,000 of premiums have yet to be determined and paid.

The *Underwriters at Mutual Lloyds*, the second of these companies, began business in 1892. Its liabilities seem to have become very pressing, so about the beginning of November of last year each of the fourteen underwriters (their names are printed on each policy issued) took out a policy in the Lincoln Fire Insurance Company, to indemnify him from all his liabilities of every kind arising from the issuance of the Lloyds policies. The premiums on these fourteen policies aggregated about $70,000.

Having practically rid itself of all liability, the company entered the field again for business.

The third company started was the Lincoln Fire Insurance Company of New York. It began business some time during October of 1897, very shortly before it issued the policies mentioned above.

From the lists of directors of this new company printed on the back of its policies, it will be seen that of the fourteen underwriters at Lloyds, eleven were directors or officers of the Lincoln.

The liability thrown off by the Mutual Lloyds upon the Lincoln by the issuance of the before-mentioned fourteen policies included about $140,000 outstanding return premium, which, of course, would carry its usual percentage of losses.

The Lincoln passed into the hands of a receiver on the 4th of April of this year, and the Underwriters at Mutual Lloyds is out of business.

The *Journal of Commerce* recently gave the approximate assets of the Lincoln at $273,000, and the liabilities at about $266,000.

We sincerely hope this approximation may be correct, so that the creditors and policyholders may not suffer.

The Northern Insurance Company of New York, with Messrs. Burke & Brown, has done well during the past six months, in spite of the break in tariff. It has added about $7000 to its surplus, $27,101.86 to its assets, and $24,781.91 to the reserve.

The present condition of both the Northern and Eastern must be very gratifying to the stockholders.

The Traders, of New York, is showing up well, with $62,000 of New York premiums and $4000 losses during the past six months.

Paltry patching up of the broken New York Tariff is seen in the attempt to place some of the larger risks of New York under the jurisdiction of the Suburban Tariff Association. This should not be allowed.

The Underwriters' Club will soon be organized and on a permanent basis.

Agents are complaining much of inability to collect premiums.

LETTER FROM ATLANTA.

Statements from the various insurance companies are now appearing in the daily papers. These are the regular semi-annual statements required by the laws of Georgia. It is a noticeable fact that nearly every company shows a most healthy condition and splendid increase over the past statements made. This is a noticeable fact amongst the fire companies, each and every one doing business in Georgia seems to have done better during the six months of 1898 than that of the previous year. The war has certainly done no harm to the life insurance companies, at least judging from the business that has been written and that is now being written by the managers in this field. However, as peace has been declared, a wane in this line of the insurance business may be expected. It is a question as to whether the different companies operating the Southern field will write risks going to Cuba and other parts of the tropics, without charging any additional premium. It is now a question as to whether the extra premium that has been charged was for the hazard of war or the hazard of disease. It was perhaps both, but there is little or no likelihood of them charging any extra premium after the war question has been fully settled. Yellow fever is not half so bad down there as the people of the North and East might suppose. They are as much in ignorance as to the risk of yellow fever in Cuba as they are about yellow fever being in Atlanta. It is a known fact that it is absolutely impossible, on account of the climatic conditions of Atlanta, for this disease to spread here. Many cases have been brought to Atlanta, but the disease has never spread, and yet it has been said that this is a yellow fever section. Atlanta has the record of being the healthiest city in the United States.

Popular Philip Walter, one of the big guns in the insurance line down in Jacksonville, Fla., has had the honor of being appointed one of the referees for five counties under the new bankruptcy law. He is interested in many classes of business, but with all that, he stands second to none in popularity in any of them.

The Fort Wayne Fire has had its license revoked in the State of Tennessee.

The executive committee of the Tariff Association did the correct thing when they wiped out all old scores in New Orleans. This is a happy surprise to the many friends of the president of this association, some of whom were a little afraid that the Captain would make them come right up to the mark. It was the best thing to do to start all over, and you can just bet on it that things will go on all right from now on. Capt. Gay has started his administration out with unusual ability. His friends are proud of the way in which he goes at everything, and there is no one in the association who is not willing and ready to act in accord with Mr. President's views. There is a good deal in having the confidence of all the boys. This the Captain has, and not only the confidence but the love and admiration of all. His administration of the S. E. T. A. affairs will be one exceptional.

The insurance men are always on top down here in Atlanta, no matter what turns up. And now comes Mr. Harry Stockdell, manager of the Phenix, who is being talked of as being a candidate for mayor of the city of Atlanta. Well, would he win? Without doubt, although he would have some of the warmest opposition a man ever had. But Manager Stockdell is one of the most popular men in Atlanta. He has been a councilman, an alderman, and a police com-

missioner for the city of Atlanta already. The next place is the mayoralty chair, and if the present outlooks talk for much, he will be right there next year. The insurance boys will back him without an exception, and when the Atlanta insurance fellows get to work the mud is sure to fly. Mr. Stockdell will make a splendid executive officer, and he is being warmly urged to run, which he will in all probability do.

Mr. Jack N. Harris of the S. E. T. A., who up to a year ago was manager at Savannah for the association, and since that time has been doing special work for them, has been transferred to the New Orleans office, where he goes to take charge as manager, pending the appointment of a regular man for that place.

A suit has been brought in the courts of Atlanta by Mr. Roby Robinson, one of Atlanta's most prominent citizens, against the Union Central Life Insurance Company for the recovery of a $5000 life insurance policy held on the life of his late father. Mr. Robinson claims that he holds a binding receipt from that company, and that that receipt is what he is basing his suit on. That although the policy was never issued, that the binding receipt is as binding on the company as though he had the policy in his possession. It is claimed that the Union Central will put up the defense that the binding receipt is of no effect, unless the insurance should be accepted by the company, which was not done in this instance. The case is attracting considerable attention on account of the prominence of the parties connected with it, and the outcome of same will be watched with much interest. X. Y. Z.

FOREIGN ITEMS.

It is said that Father Anthony Resseler, who was drowned in the La Bourgoyne disaster, took a combination accident policy for $10,000 in the Travelers on the day before he sailed.

In England "the stamp of fate," in the shape not of the "guinea's stamp," but of the six-penny stamp, is required on policies issued under the Workmen's Compensation Act, instead of the penny stamp which was considered sufficient under the Employers' Liability Act. A strong protest is to be made against that "inexplicable decision." Probably with as little effect as has followed protests in this country.

Capital Coming Over.—The London *Insurance Observer* says:

"In view of statements which have been published, to the effect that the Edinburgh Life Office is about to undertake life business in America, the company announces that it has no such intention. The misapprehension has apparently arisen from the fact that the company was licensed under an act passed last year to lend money in one of the States."

Of Mr. E. F. Beddall's proposed paper, to be read at the Insurance Commissioners' Annual Convention at Milwaukee, the London *Insurance Observer* says:

"That Mr. Beddall commenced to prepare a brief essay upon the subject, but that, becoming interested, he compiled a large amount of valuable information. Statistics as to the ratios of fire losses to insurance carried in the States of the United States and various European countries; digests of the laws governing insurance in the United States and other countries, with a commentary thereon, are some features of the promised paper. A chapter will be given to nearly every country in Europe, describing its fire underwriting corporations and their methods; and it seems likely that the work will become a standard one for the libraries of underwriters. Mr. Beddall is nothing if not thorough, and we await the delivery of his paper with the greatest interest." So do we!

Along the "darkest paths" of "the seamy-side of life assurance" in the *Review* of London, we find the following:

"In the case of trial of the Duchess of Kingston, and in the question of the sex of the Chevalier d'Eon, it actually came to trial as to the validity of a policy without an insurable interest. This business of the Chevalier d'Eon ran to such a height that a premium of fifteen guineas per cent was payable, depending on how the event turned out. Thousands were wagered, and it was announced that the indignant Chevalier would satisfy all personally concerned at a certain date and hour on the point at issue. A crowd assembled, but stood petrified and aghast when the Chevalier, dressed in the uniform of a French officer, and decorated with the Order of St. Louis, informed the crowd that he came to prove that he belonged to the sex whose dress he wore, and challenged any one there to disprove his statement with sword or cudgel. Something like a million sterling hung upon this matter, but no one had nerve enough to accept the Chevalier's challenge either with sword or cudgel. As Francis says, 'The spirit of the citizen had long passed away. Commerce had sheathed the sword of chivalry, and none grasped the gauntlet for the honour of London.' So the Chevalier departed in triumph.

The case of the Chevalier d'Eon is only interesting to us now as being the cause of a decision of Chief Justice Mansfield, 'That a policy of assurance, although not even on life, when entered into without an insurable interest, was against the purport of the Act recently passed, and was contrary to English notions of morality.'"

Primitive Underwriting.—In the time of the old Republic, the Golden Age of Iceland (says a writer in "*Chambers's Journal*"), every yeoman farmer was by law compelled to be a member of a mutual insurance society. The method by which compensation for loss by fire was made is thus explained, and is a striking proof of the thoroughly practical views of the old Icelanders: "There are three houses in every man's dwelling for which compensation may be obtained in event of their being burned down. (In Icelandic dwellings each room was a separate building, and so is called 'a house.') One is the women's sitting room, another the common sitting room, and the third the pantry, where the women prepare the food. If the man has both a sitting room and a hall, then at the spring assembly he shall choose whether he will rather have the sitting room or the hall insured. If there is a church or chapel on any man's farm, then that is the fourth house liable for compensation, where it exists. If any of these houses aforementioned is burned down, the owner shall summon five of his neighbours, and get them to estimate the damage that has been done. They shall estimate the damage done to the house itself, and also that done to clothes and other valuables burned along with it; but only such clothes and valuables as the owner requires for daily use shall be reckoned for compensation. If a church is burned, there shall be reckoned for compensation all the hangings, the choir, and the best bell that has been destroyed, if there were more than one, and all the furniture required for daily use; the same thing shall be done in the case of chapels." When the damage had been valued by the neighbours, as above provided, one-half of the loss had to be borne by the yeoman himself and the other half was made good by all the other yeomen in the district. From each of these a certain amount was levied in proportion to the value of his property, and if this were not paid within a specified time, it could be seized by law. At the same time it was provided that no man could be called upon to pay as his share more than 1 per cent of his whole property, and it was not compulsory to compensate the same person for loss by fire more than three times.

The year 1897 is said to have been a prosperous one for French insurance companies:

"The total value of policies in benefit amounted to 338,500,000f., or an increase of 28,500,000f. on the preceding year. Endowment assurances amounted to 7,197,305f., or more than a million in excess of 1896. The mortality, which was exceptionally small in 1896, was somewhat greater in 1897. The proportion of claims on the capital represented was 1.48 per cent, whilst it was 1.38 per cent in 1896. With the exception of 1896, however, the rate for 1897 was lower than in any year since 1889. Management expenses amounted to about the same figures as in 1896, viz. 10,238,756f., or only 34,507f. more than in the previous year. The commissions increased by about 2,000,000f., but the profits paid to shareholders and policyholders were nevertheless satisfactory. The former received by way of dividends a total sum of 9,550,000f. and the latter 9,441,238f. The profit and loss account for 1897, of seventeen French companies, shows assets of the value of 40,000,000f., or nearly the same amount as in 1896, each of the three prior years being inferior by 2,000,000f. or 3,000,000f. This is accounted for by the fact that these three years comprise the period which saw the initiation of reforms in the insurance law."

If those sums in francs are reduced to dollars, the business would not be such that an American company would brag about. Nevertheless it is pleasant to read about prosperous life insurance anywhere, without invidious comparison.

And Germany also had a good thing last year. "With the forty-three German companies, who either pay the amount of a policy at death or operate on the endowment system, 122,677 new policies, amounting to 509,410,283 marks, were taken out; against that amount, 51,655 policies were paid out, amounting to 193,091,235 marks, of which 18,120, totalling 69,983,251 marks, were payments due at death, and 2251, amounting to 12,530,522 marks were endowment policies. The increase consists, however, of 71,022 policies, covering a total insurance of 316,319,048 marks. Policies representing life assurances, payable at death, reached a total at the end of the year of 1,252,980, covering a total insurance of 5,438,794,817 marks."—*Financial News.*

ACCORDING to statistics just published, the insurances effected in German life insurance companies during 1897 were greater than ever. With the 43 German companies, who either pay the amount of policy at death or operate on the endowment system, 122,677 new policies, amounting to 509,410,283 marks, were taken out. Against that amount 51,655 policies were paid out, amounting to 193,091,235 marks, of which 18,120, totalling 69,983,251 marks, were payments due at death, and 2251, amounting to 12,530,532 marks, were endowment policies. Policies representing life insurances payable at death reached a total at the end of the year of 1,252,980, covering a total insurance of 5,438,794,817 marks.—*Policyholder.*

THE correspondent of the *Financial News*, London, writing from Monte Video under date June 8, states that: Indications are not wanting of an intention to subject the foreign insurance companies here to differential taxation much on the lines of that recently attempted in the Argentine. The idea is already semi-officially set going, and the question has been raised of the convenience of imposing a special tax on the foreign insurance companies—over thirty—which have agents or branches here. With one exception, it is argued all these companies have their capital abroad, and thus escape the control of the government as regards their administration and good faith. In case of failure or refusal to pay, there is no remedy against them, as there is no capital here. They are also able to compete unfairly against local companies, as they can establish themselves here and work without capital. Meanwhile, the payment of premiums is a constant drain, which sends money out of the country to an amount which may be estimated at $1,000,000 annually. The State, which regulates the banks and commercial houses, exacting from them a capital sufficient to secure their customers, has, it is said, an equal right to regulate the insurance companies, and ought to do so in public interests, as is done in Europe, Brazil, Argentina, Chili, Paraguay, and in all civilized lands. At present these foreign companies escape not only fiscalization, but taxation beyond an insignificant license tax, and for all these reasons the government ought to exact from them the deposit here of part of their capital, and also impose on them a further tax, which might very well be applied to charity. Needless to say, the representatives of the various British insurance companies, remembering what has recently occurred in Argentina, are on the alert.

LAW DEPARTMENT.

Court of Appeals of Maryland.

JAMES N. MCELROY, PERMANENT TRUSTEE IN INSOLVENCY OF JOSEPH DORSEY *v.* THE JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY.

Decided June 29th, 1898.

Argued before McSherry, C. J., and Bryan, Roberts and Fowler, J. J.

Fowler, J. The John Hancock Mutual Life Insurance Company of Boston, Mass., on the 23rd of May, 1897, in consideration of the payment of an annual premium of $118.00, insured the life of Paul E. Dorsey in the sum of $2000 for his own benefit. The policy was made subject to the laws of Massachusetts, which provided "that notice of the claim and proof of death shall be submitted to the company within ninety days after the decease." On the 1st of June, 1877, the insured assigned the policy to his brother, Daniel Dorsey, of Baltimore, and the assignment was duly assented to by the company. Daniel Dorsey, the assignee, died in the year 1885, and in the same year, on the 14th of August, his will was admitted to probate in the Orphans' Court for Baltimore City. By this will he devised and bequeathed all the rest and residue of his estate to his son, Joseph Dorsey, and his daughter, Annie J. Dorsey, and to them in trust for his two grandchildren. The proportions of the estate devised to each and the particulars of the trust are not important to be considered here. It is sufficient to say that nowhere in the proceedings in the Orphans' Court, as to the estate of Daniel Dorsey, does it appear that the policy assigned to him was distributed, or even mentioned in the inventory. The estate of Daniel Dorsey having been fully administered, and the executor, Joseph Dorsey, having passed his final account, he, as executor, assigned to himself, individually, the policy, with the assent of the company and also with the full consent of all the beneficiaries. It appears from the evidence that at the time of this transfer, the two grandchildren being minors and having no means with which to pay their share of the premiums, and the remaining person interested in the policy, Annie J. Dorsey, being also unable to pay her share of maintaining it, it was agreed by all the parties in interest that the assignment should be made to Joseph Dorsey and that he should pay the premiums out of his own money, and that upon the death of the assured the proceeds of the policy were to be divided according to the respective interests. This assignment to Joseph Dorsey was fully ratified and adopted by the minors after they arrived at age. It is admitted that all the premiums were duly paid up to and including that due on the 22nd May, 1894. The premium due the 22nd May, 1895, was not paid, but the payment of the premiums prior thereto, it is admitted, kept the policy in force until 22nd May, 1896. The premiums paid by Joseph Dorsey, with his own money, amounted to $1002, and the whole amount of premiums actually paid is equal, or nearly so, to the face value of the policy. In 1891 Joseph Dorsey became insolvent, and the plaintiff, James W. McElroy, was appointed his permanent trustee in insolvency. Joseph Dorsey died in May, 1895, and although his sister knew that he had gone into insolvency, she took out letters on his estate in order to get at a box in the Safe Deposit Company, which he and she during his life had held jointly, and she testified that she attempted to collect the insurance claim because she supposed that was the proper way to do it. However, this fact is of no importance except to explain how it happened that she, as administratrix, and not the trustee in insolvency, took the initial steps to obtain payment of the policy and furnished proof of death. The insured died at the Home of the Incurables, in the State of New York, on the 19th of June, 1895, but this fact was unknown to Miss Dorsey for nearly a year, so that it was impossible for her to comply literally with the provisions of the Massachusetts law which required proof of death to be given "within ninety days after decease." But as soon as she received information of the death of the insured, she notified the local agent of the company and he sent her blanks for proof of death, which she filled up. These were objected to and returned to her, because they were not correct, and other blanks were sent to her by the company, and these were also filled up and sent to the company, in whose hands they have remained ever since. On the 16th of October, 1896, about four months after the proofs were forwarded, a letter from the local agent in Baltimore was received by her containing the information that the company would recognize no claim under the policy, proofs not having been submitted in accordance with the Massachusetts statute applicable thereto, and that the company did not consider that she had any interest in the policy, whereupon she consulted counsel, who appealed to the company to settle the claim without regard to technical objections, but this appeal was in vain. On the 3rd of November the company wrote counsel that it had nothing to add to this letter of October 16 to his client, and that there was no defect in the formal proofs. This correspondence was closed on the 24th of November, 1896, by a letter from the company saying that it had nothing further to say regarding the matter. Miss Dorsey, as administratrix of her brother and as surviving trustee under her father's will, made another effort to collect the amount she considered justly due on the policy, and through the second attorney she consulted she ascertained that the plaintiff, James W. McElroy, was trustee in insolvency of her brother, and was the proper person to prosecute a suit for the recovery of the insurance money. The plaintiff testifies that in February, 1897, he became aware for the first time of the existence of the policy and of the death of the insured; that this information came to his knowledge from Miss Dorsey's visit to the office of his associate; that witness took up the matter, and upon investigation found that Joseph Dorsey had applied for the benefit of the insolvent law of this State in 1891, and that witness was his trustee; that he put himself in communication promptly with the company. On the 9th of February, 1897, two days after learning the facts we have just stated, Mr. McElroy wrote to the local agent in Baltimore, informing him that he had only recently learned of his interest in the policy, and asking him if the proofs of death furnished by Miss Dorsey, as administratrix, etc., were in due form, and if not, what was necessary to be done by him as trustee in order to collect the insurance money. The agent forwarded this letter to the company at Boston, and in a few days Mr. McElroy received a reply in which the company said: "Your are correct that Miss Dorsey filed the papers to prove the claim under this policy and claimed the money. *The papers in themselves, we think, are correct enough*, but the company has decided not to recognize the claim under this policy, and Miss Dorsey has placed

it in the hands of John H. Thomas, etc. We think it might be well for you to see Mr. Thomas, and see whether Miss Dorsey is intending to enter suit as intimated in his letter. Until this matter is settled we are unable to give you any definite information in regard to this case." Mr. McElroy replied that unless some satisfactory arrangement for settlement could be made he would enter suit. He was then informed for the first time by the company that according to the provisions of the Massachusetts statute, under which the policy was issued and continued in force, there was, *strictly speaking*, no claim, the proof not having been filed within ninety days of death. But the company closed their letter with an offer to settle both the claim of the trustee and of the administratrix by the payment of the sum of $652, declaring, however, that it was under no legal obligation to pay this sum.

This suit was brought in the usual form by the plaintiff, as trustee in insolvency of Joseph Dorsey, to recover the amount claimed to be due on the policy. The defendent pleaded the general issue. We have stated the facts at length, which were offered in evidence by the plaintiff, for the reason that at the close of his case the learned judge below instructed the jury "that under the pleadings in this case the plaintiff has produced no evidence legally sufficient to enable him to recover, because the undisputed evidence shows the trustee in insolvency has no such interest in the policy sued on as enables him to maintain this suit."

There are two other questions which, though not passed upon below, we will consider and dispose of because they will necessarily arise in a re-trial of the case, and if the contention of the defendant be correct as to these other questions, it would be useless to order a new trial, even though there may be error in other rulings of the court. Lycoming Fire Insurance Company *v.* Langeley, 62 Md., 215. The first of these questions is, Were the proofs of death under the circumstances of this case sent to the company in time? and second, if not, Was there a waiver by the company of the requirement as to forwarding proof of death within ninety days after death? The verdict and judgment were in favor of the defendant on the instructions of the court, and the plaintiff has appealed.

1. Has the plaintiff trustee such an interest in and title to the policy sued on as entitles him to bring this suit? It is manifest from the evidence we have fully stated that Joseph Dorsey, the plaintiff's insolvent, held the entire legal title to the policy. This he held under the assignment by himself as executor to himself in his own right. But he was also entitled absolutely as one of the residuary legatees under his father's will to an undivided fifth. In addition to holding the entire legal title by assignment and the beneficial interest as legatee, the insolvent was also entitled to an absolute interest in the proceeds of the policy to the extent of the premiums paid by him for the other beneficial owners of the policy. It is not important now to ascertain with exactness the extent of each interest of the insolvent, but it is sufficient that he had such substantial interests in the subject of controversy, and of this there is no doubt under all the evidence in the case and the law applicable to it. Nor do we think there can be any doubt that the interest in as well as the legal title to the policy, which were vested in the insolvent, passed to the plaintiff as trustee under the operation of the insolvent law for the benefit of his creditors. It was suggested that the interest of the insolvent *in this policy* passed to his administratrix. But this view is in conflict with what has been, from Alexander *v.* ———, 5 Gill, 180, down to the most recent decisions of this court, declared to be the spirit and intent of our insolvency system, namely, that *all* of the estate of the insolvent should be administered in the insolvent court. And the fact that parties may have either legal or equitable rights in or to the estate or property, the legal title to which is in the insolvent, will not prevent the insolvent court from adjudicating all questions that may arise, that court having full power to determine the legal and equitable rights of the parties." Crocker *v.* Hopps, 75 Md., 265. But where the insolvent holds the *bare legal title*, without any beneficial interest whatever, his trustee cannot possibly take from him anything which is of any value to the creditors, and it may be held that, under such circumstances, nothing, not even the legal title, passes to the trustee in insolvency. This distinction is drawn in Rhodes *v.* Blackistone, 106 Mass., 336, where it is said: "If, however, the bankrupt has any beneficial interest in the avails of the suit, then the whole legal title vests in his assignee and the action must be in his name, for there cannot be two legal owners of one contract at the same time." See also Low *v.* Welsh, 139 Mass., 33.

The defendant has attempted to assail the validity of the assignment of the policy to the insolvent, and thus show that his trustee in insolvency has no better title. In order to do this he contends that the evidence shows that some of those who assigned to the insolvent were infants, and that these infants and their aunt, Miss Dorsey, owned the larger part of the policy. But the evidence also shows that if the assignment was made by minors they ratified it fully after arriving at age. Nor do we think the evidence shows that the insolvent held merely as trustee. The remarks of Judge Dillon, who delivered the opinion of the court in Smith *v.* Mutual Valley Life Insurance Company, 4 Dell., 352, are particularly applicable to the position assumed by the defendant in this branch of the case. He said: "The company cannot set up such supposed rights in others to defeat an action on the policy. The wife having the legal title may maintain the action, and this will protect the company from another suit, and in the event of recovery, the equities, if any exist, which I do not decide, can be adjusted in action between them and the plaintiff. The administrators of the husband are not here insisting upon their rights, if they have any, and the company cannot set up rights for them, and on its action introduce into this suit matters with which it has no concern." The plaintiff, therefore, having the legal title, and also a large beneficial interest in the policy, he was the proper party to bring suit.

2. The second question we shall consider is whether, under all the circumstances of this case, the defendant can escape liability by the defense that the proofs of death were not furnished within ninety days after death.

Whatever may be said in regard to the failure or negligence of the administratrix in not giving earlier notice and proof of death, she having been the first of those interested in the policy to hear of the insured's death, it can hardly be said, we think, that the plaintiff was guilty of any negligence whatever in this respect. It appears that two days after he first heard his insolvent held the policy he promptly proceeded to inform the company of his rights, and to inquire if the proofs of death, then already in its hands, were in form, and if not, what was necessary for him to do as trustee, etc., in order to collect the proceeds of the policy for the insolvent estate of Joseph Dorsey. He was informed by the company that the papers (proof of death) were correct enough, but that the claim would not be recognized. No new or additional proofs of death were ever asked for from the plaintiff, but, on the contrary, he was informed that those which had been sent were correct. But very soon after its first letter to the plaintiff the defendant told him that the proofs then in its hands had come too late. Of course, it was useless after that to attempt to supply any additional proof. Under these circumstances, and it appearing that the plaintiff never had any until a few days before he made his claim, the least information of the existence of the policy, nor any reason to induce him to make an investigation to discover if his insolvent had such an asset, can it be said, either upon reason or authority, that he or the creditors he represents should be bound by the ninety-day provision of the Massachusetts law. It is perfectly clear that the rule was made for the ordinary cases where the existence of the policy and the death of the insured are known, or might or should be known in time to comply with the rule. It cannot reasonably be supposed that the holder of the policy could be required to give proof of a fact of which he was himself ignorant. To decide that one was not duly diligent, and that he lost his right as beneficiary because he did not give notice of a policy of which he knew nothing, would be more strict and exigent than, in our opinion, the language of the policy requires. There was timely notice given after the fact of insurance came to the knowledge of the plaintiff. This delay in finding the policy was not strange or unexceptionable; on the contrary, it appears to have been entirely consistent with good faith. Konrad *v.* Union Casualty Company, 21 S. R., 721. See also Globe Accident Co. *v.* Gerich, 163 Ill., 623; Kentzler *v.* Am. Mutual Assn., etc., 88 Wis., 589. In the case last cited, although the facts were different from those we are considering, yet the reasoning and the general principles announced may well be applied here. The court said: "A contract should not be so construed as to defeat or render nugatory the rights of any one of the parties to it, unless the language employed imperatively requires such construction. In other words, an interpretation which gives effect is preferred to one which makes void. Besides, a contract should be interpreted in view of the conditions necessarily implied by law."

As we have already said, it would be unreasonable to require the plaintiff to have given the defendant notice or proof of facts of which he was ignorant, and which he could not have reasonably expected to know before the day on which he received the information from Miss Dorsey.

3. But independent of this view, we think there is ample evidence in this case to establish a waiver by the defendant of the failure to send proofs of death within ninety days from the death of the insured.

The following grounds, or any one of them, have been declared to be sufficient to constitute a waiver of any defect in or defense arising out of failure to duly give notice and proof of death: "A proposal to settle;" "an absolute refusal to pay on the merits;" "a denial of all liability;" "a negotiation with the insured without making objection of defective proof of death." Bliss on Insurance, section 268; Cooke on Life Insurance, p. 118.

In its letter to the plaintiff the defendant said, "the papers in themselves are correct enough, but the company has decided not to recognize the claim under this policy." Not a word here to indicate that its refusal to pay the plaintiff was because of want of seasonable proof of death. On the contrary the only reasonable inference to draw from this language is that without reference to any objection based on the proofs of death it had some meritorious defense on which it intended to rely. But again, the defendant made a direct proposal to settle the claims of both the plaintiff and the administratrix of the insolvent by the payment of the sum of $652. Caledonia Fire Insurance Co. *v.* Traub, Md. And in addition to this it may be fairly said that the defendant negotiated with the plaintiff without making the defense now relied upon. It is true it subsequently relied upon the defense, but when it wrote the letter of the 15th of February to him it neither directly nor indirectly based its refusal to pay upon want of proof of death. The letter closed thus: "We think it might be well for you to see Mr. Thomas, and see whether Miss Dorsey is intending to enter suit as intimated in his letter. Until that matter is settled we are unable to give you any definite information in regard to this case." The information asked for by the plaintiff was to know if the proofs of death sent by Miss Dorsey were in due form, and if not, what he should do to perfect his claim. If the defendent intended to rely upon the defense it now sets up it should have said so. But it not only refrained from saying anything on the subject, but promised to give definite information after the dispute with Miss Dorsey had been disposed of. Why promise to give definite or any information if this defense was to be relied on? In May, 1896, Miss Dorsey sent proofs of death, and they were returned to her for further information, and during the same month the additional proof was forwarded. On the 23rd of June it was approved by the medical examiner of the company. In the case of Interstate Casualty Company of New York *v.* Holmes, 17 N. W. Rep., 105, the Supreme Court of Michigan said: "An insurer waived a condition, requiring notice of the accident to be given within a certain time, when it wrote for further information." Bliss on Life Insurance, supra; Cooke on Life Insurance, supra; Merchants' Insurance Company *v.* Gibbs, 29 Atl. Rep., 486. The defendant retained the additional or corrected proofs of death without objection from June until the 16th of October, some four months, when it wrote a letter of the latter date. This, of itself, constitutes a waiver of any objection to delay in sending proofs of death. Jones *v.* Howard Insurance Co., 117 N. Y., 103.

Without prolonging this opinion by the citation of further authorities, our conclusion is that the judgment must be reversed.

"DON'T contribute," that is the advice given by an attorney upon the following facts. Companies are being called upon to pay assessments for local board or inspection bureau expenses by certain Virginia agents. An agency manager submitted the law and this request of a Virginia agent to his attorney, whose reply is as follows:

"The provisions of the Wharton bill are so exacting that it would be exceedingly dangerous for any company to pay local board or inspection bureau expenses through its local agencies. It would be tantamount to permitting said agents entering into an agreement as to rates, which is expressly prohibited by the law. The only safe course for companies to pursue is to absolutely decline to be a party to any understanding which agents may enter into. If the agents form social clubs or organizations which in any manner will control rates, the companies had better not know anything about it."

JAMES Q. BARENS, agent, New York Life Insurance Company, Chicago, remits a check for $18,118 "first premium on two policies," a *fac-simile* of which is printed in *The Courant*. Good work, good premium, good company, good agent.

MEDICAL DEPARTMENT.

HEART FAILURE.

Dr. Wm. P. Whery contributes an article on this subject to the Fort Wayne *Medical Journal*, May, 1897, and he tells us that boards of health have lately objected to returns of death where the cases of mortality are given as "heart failure." In most instances there is a good reason for this objection, since the real cause of death may be concealed under this term. There are numerous deaths where the heart's action is almost the last effort of vitality. There are deaths where the heart to the last is sound and strong, and capable of continuing its functions if the other organs had not given out.

The study of heart failures is that of the condition leading up to the debilitation of this important organ. Inflammatory diseases of the heart, of the endocardium and pericardium, and of its great vessels render the organ liable to cease functionating. Mechanical obstructions due to pericardial dropsy or excessive deposits of fat are occasionally factors in producing failure. Congenital or inflammatory deformities of the valves conduce to failure. Thrombi or gas-bubbles in the veins or cavities of the heart may arrest its action. Other causes of failure are found in the various derangements of the nervous system, especially of the nerves regulating respiration and circulation, and those controlling the muscles and digestive apparatus. The pneumogastrics and the numerous cardiac ganglia may be subjected to injury or pressure, the effect of which reacts on the heart. It is possible that a hypertrophied left ventricle may exert an injurious pressure on the intermuscular nerves of the heart, deranging its rhythm and rendering it less able to compensate valvular or other organic difficulties. Asthma as a source of heart failures should be mentioned here. The most common and deadly factors of heart failure are classifiable as intoxicants. Some of these are administered by the physician to produce anesthesia, but people soon learn to prescribe for themselves such drugs as chloroform, ether, cocaine, chloral and opium.

Opium often causes heart failure. Children's hearts are very susceptible to it. Patients with degenerated kidneys or feeble and over-dilated hearts often die from morphine in their medicines. Belladonna stimulates the heart and dilates the capillaries. Opium enfeebles the muscular action, and may be useful in some heart affections. Digitalis and strophanthus and caffeine act somewhat like belladonna, but with less influence on the capillaries, and thus increase blood-pressure dangerously. Alcohol stimulates the heart and relaxes the capillaries, but its habitual use causes degenerative changes in the small vessels. The pernicious effect of this habitual use of heart-stimulants is the production of cardiac irritability, that after some time leads to heart failure. Like tea, coffee, cocoa, and kola or any other stimulant, tobacco injures by inducing an exhausting reaction. It is very doubtful if the nicotine has anything to do with the unpleasant effect of tobacco when smoked. It is more probable that the untoward symptoms result from the absorption into the blood of carbon monoxide. We have very similar effects produced by inhalation of illuminating gas, or gas from a stove insufficiently closed, generated by imperfect combustion.

The class of intoxicants that more than any other conduces directly or indirectly to heart failure is the autotoxins. In the course of all fevers, such poisons are very abundant. In prolonged suppuration, chronic wasting diseases, and general exhaustion of the whole system, ptomains are formed that exert themselves the more perniciously because at the same time the vital resistance of the organism is reduced. Certain depraved conditions of the digestive tract, especially duodenal dyspepsia, poison the heart as well as the whole muscular system. Scurvy, purpura, and diabetes act as heart poisons. Certain skin diseases, such as eczema, and the condition called lithiasis, depend on digestive derangement, and indirectly affect the heart. All drugs and dietaries and beverages that tend to induce trophic diseases and degenerations of tissues must be reckoned as causes of heart failures. In conclusion, the author considers three propositions:

There is such a cause of death as heart failure; obstruction conduces to heart failure whether it result from a defective heart or peripheral abnormalities; the great operating cause in cardiac failure is intoxication, whether due to drugs administered or to toxins generated within the organism.

PALPATION IN PHYSICAL EXAMINATION.—Dr. Robert Maguire, in a paper on palpation and auscultatory percussion (*Brit. Med. Jour.*, Feb. 19, 1898), states that palpation is for most purposes much more delicate than percussion, and, after a little practice, much more free from fallacies.

To practice the method it is well at first to press lightly and alternately with the first and second fingers of the right hand upon the part desired, using just a little more pressure than one would employ in testing the eyeball for glaucoma. If this be done there will be found in various parts of the chest-wall, ignoring the bony and cartilaginous prominences, many spots in which the resistances vary. In trying the method it is important to throw one's knowledge of anatomy on one side and approach the matter with a quite open mind. After a little practice, too, it is unnecessary to use the alternate pressure of the fingers described, and it suffices to pass the fingers, pressing lightly, over the chest-wall. Try in the former way the first and fourth interspaces of the left side in the parasternal line (one inch and a half outside the edge of the sternum), and the fourth space will be found to be the harder, from the presence of the heart beneath it. Again, compare the second and the seventh spaces in the right-nipple line, and the liver-resistance will be felt in the latter space. Press with the ball of the thumb on the upper part of the thorax on the right side, and again on the part below the nipple, and the difference of resistance will be obvious.

Differences of resistance can even be felt through solid bone, like the sternum. Test the resistances of the sternum opposite the first and the fourth intercostal spaces and the resistance of the heart will be felt in the lower spot, though this requires a little care to detect.

Practiced as described, palpation can define delicately and more accurately than percussion the areas of the heart, liver and spleen.

HEREDITY AS A CAUSATIVE FACTOR IN DISEASE.—Dr. W. S. Gordon, in *Virg. Med. Semi-Monthly*, May 14, 1897, refers to the fact that the physical and psychical qualities and peculiarities, and the diseases of human beings, are frequently observed for generations in their descendants. At the same time, the direct inheritance of diseases has been seriously questioned by writers of sound mind and judgment at the present day, although the same authorities concede that a predisposition to disease is inherited, and that the specific and existing cause must originate either in the individual or be the result of his external environment. In sexual reproduction, the relation of germplasm, or the hereditary substance of the germ-cells, to the somatoplasm, or the protoplasm of the remainder of the body, is as yet an unsolved problem, despite the apparent inheritance by the offspring of traits and peculiarities acquired by the parents. The author goes on to discuss heredity as an admitted fact from the standpoint of modern scientific observation and research, and as applicable to the transmission of anatomical, physiological and psychological resemblances.

The important and practical question arises, to what extent pathological conditions and diseases are inherited. The germ theory of disease now becomes an interesting factor. In certain cases, whether few or many, the same general principles must apply to the inheritance of disease as to the inheritance of normal characteristics. If a pathological character has been acquired by the parent and is not inherent in his own germ-cells, it is extremely doubtful whether it can be passed on to the child. Alienists inform us that in a large and probably increasing proportion of insane patients heredity plays an important causative rôle. Insanity in the progenitor may be followed by various nervous diseases in the progeny, while nervous disease in the progenitor may be followed by insanity in the offspring. To the author's mind, there is nothing more conclusive of pathological heredity, whether as predisposition or actual disease, than the examples just mentioned.

"WHEN this cruel war is over" there will be some nice questions for medical directors and insurance managers to decide regarding the acceptance of life risks in our new acquisitions, namely, Cuba and Porto Rico, Philippines, the Canaries, the Ladrone Islands and the Sandwich Islands. This is a formidable array, and yet the people and the countries, together with the conditions pathological and sanitary, will afford fruitful topics for discussion and judgment. Companies will have new fields for operation, and medical officers might as well begin to post themselves accordingly.—*The Medical Examiner.*

THE COMPANIES.

THE Fidelity and Casualty Company of New York now issues a combined accident and health insurance policy. The contract guarantees twenty-five dollars weekly indemnity against the following diseases: Typhus fever, typhoid fever, scarlet fever, smallpox, varioloid, diphtheria, measles, peritonitis, appendicitis, diabetes, erysipelas, Asiatic cholera, bronchitis, pleurisy and pneumonia. For complete paralysis and for total blindness the company agrees to pay $2500. The rate is $35 per annum for class "A" special and $40 for preferred risks. The Fidelity and Casualty Company also issues a druggists' liability policy, by the terms of which it agrees to indemnify druggists against pecuniary loss from actions for damage on account of errors in putting up prescriptions.—*The Weekly Underwriter.*

PRESIDENT E. C. IRVIN, of the Fire Association of Philadelphia, is too experienced in underwriting to be caught in the demoralized condition of rates in New York City. Hence he writes: "We have suspended business in New York City until conditions are improved, as I am confident that at present rates and brokerage, business is being done at a loss, and there will be no improvement until companies refuse to do business in that way. If twenty or more companies would do as we have done there would soon be an end to this demoralization. We have made no arrangement for other representatives."

It takes a manly courage to grapple in that way with a difficult situation, but the stockholders of the Fire Association will not have reason to regret this manifestation of will and purpose on the part of their president to avoid doing a losing business, simply for want of courage to withdraw from an uncertain and demoralized district, even though it be New York City.

THE examination of the Travelers Insurance Company has been made and published. In this case the company was sat upon by a jury of 16. There were 4 States officers, 3 actuaries, 2 lawyers, 2 clerks, 2 accountants, 1 examiner, 1 judge and 1 ex-commissioner. Such was the "crowner's quest" that discovered only that "nothing has occurred in the affairs of the company beyond the ordinary course of business, since said date (Dec. 31, 1897), to alter its condition." We would like to know what sum of money that discovery cost the company, and the public insured in the Travelers would be glad to learn wherein it was benefited by the discovery. However, the public now has officially what the company made public six months ago, and nothing else. The jury "verified in detail" the possession of the assets as set forth in the last December report; it "compared" certain items with the Connecticut Department's registers and found everything O. K.; it "instituted" "additional checks," without "disclosing any material differences" between anything, anywhere or of any amount; in other words, the jury knew as much when it began its work as it had discovered at its end—and that was that the company was sound, safe and reliable, and no commission can find it otherwise.

For many years past the Hartford Steam Boiler Inspection and Insurance Company has maintained a department devoted to the preparation of designs and specifications for boilers. This department has grown steadily with increase of the company's business, and its present importance may be estimated from the following data concerning the work it sent out during the first quarter of the present year:

January, 1898.—41	specifications,	covering	75	boilers,	and requiring	225	drawings.
February, 1898.—41	"	"	66	"	"	252	"
March, 1898.—59	"	"	106	"	"	365	"
Totals, 3 mos., 141	"	"	247	"	"	842	"

The drafting department was originated, and is conducted, for the benefit of patrons of this company, to whom drawings and specifications for boilers are usually furnished free of charge. In occasional cases, where an unusual amount of time must be devoted to their preparation, a small charge may be made for such specifications and drawings; but even in these instances the charge is intended merely to defray the actual expense to which we are put, and the benefit of our wide and varied experience of over thirty years is tendered to our patrons free.—*The Locomotive.*

STATEMENT

OF

THE TRAVELERS

Life and Accident Insurance Company,

OF HARTFORD, CONN.

Chartered 1863. **[*Stock.*]** ***Life and Accident Insurance.***

JAMES G. BATTERSON, Pres't.

Hartford, Conn., January 1, 1898.

PAID-UP CAPITAL, - - $1,000,000.00

Assets (Accident Premiums in the hands of Agents not included), ...	$22,868,994 16
Liabilities, ...	19,146,359 04
Excess Security to Policyholders, . .	$3,722,635 12

July 1, 1898.

Total Assets (Accident Premiums in the hands of Agents not included), . .	$24,103,986 67
Total Liabilities, ...	19,859,291 43
Excess Security to Policyholders, . .	$4,244,695 24

Paid to Policyholders since 1864, . .	$35,660,940 19
Paid to Policyholders January-July, '98, .	1,300,493 68
Loaned to Policyholders on Policies (Life),	1,161,705 00
Life Insurance in Force, ...	94,646,669 00

GAINS.

6 Months—January to July, 1898.

In Assets, ...	$1,234,992 51
In Surplus (to Policyholders), . .	522,060 12
In Insurance in Force (Life Department only), ...	2,764,459 00
Increase in Reserves, ...	705,642 18
Premiums Received, 6 Months, . .	2,937,432 77

JOHN E. MORRIS, Secretary.

EDWARD V. PRESTON, Sup't of Agencies.

J. B. LEWIS, M. D., Medical Director and Adjuster.

SYLVESTER C. DUNHAM, Counsel.

FRANK T. PEARD, State Agent,

American Building, cor. Baltimore and South Streets,

BALTIMORE, MD.

NEW YORK UNDERWRITERS AGENCY

(FIRE)

ESTABLISHED 1864.

Local Agents in all Prominent Localities in the United States.

Office: 100 William Street, New York.

A. & J. H. STODDART, General Agents.

THE CENTRAL ACCIDENT INSURANCE COMPANY,

No. 232 FIFTH AVE., PITTSBURG, PA.

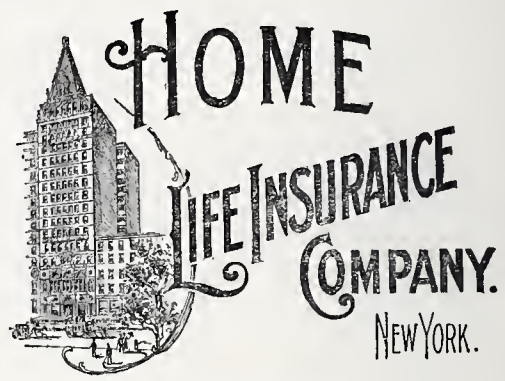
Capital and Surplus over $200,000.

The Accumulative Combination Accident Policy of the "CENTRAL" with its "*Health Feature*" is by far the best accident policy sold.

A MARKED ADVANCE IN ACCIDENT UNDERWRITING.

The "CENTRAL" also issues the Best Plate Glass Contract.

FOR AGENCIES ADDRESS THE COMPANY.



GEORGE E. IDE, PRESIDENT.

WM. M. ST. JOHN, VICE-PREST. — ELLIS W. GLADWIN, SECRETARY.

WM. A. MARSHALL, ACTUARY. — F. W. CHAPIN, MEDICAL DIRECTOR.

"The Leading Fire Insurance Company of America."

INCORPORATED 1819. CHARTER PERPETUAL.

Cash Capital, - - - - - - - - -	$ 4,000,000 00
Cash Assets, - - - - - - - - - -	12,089,089 98
Total Liabilities, - - - - - - - -	3,655,370 62
Net Surplus, - - - - - - - - - -	4,433,719 36
Losses paid in 79 years, - - - - -	81,125,621 50

WM. B. CLARK, President.

W. H. KING, Secretary. E. O. WEEKS, Vice-Prest.

A. C. ADAMS, HENRY E. REES, Assistant Secretaries.

Western Branch, 413 Vine St., Cincinnati, O.	**Keeler & Gallagher, General Agents.**
Northwestern Branch, Omaha, Neb.	**Wm. H. Wyman, Gen'l Agent. W. P. Harford, Asst. Gen'l Agent.**
Pacific Branch, San Francisco, Cal.	**Boardman and Spencer, General Agents.**
Inland Marine Department.	**Chicago, Ills., 145 La Salle Street. New York, 52 William Street. Boston, 12 Central Street. Philadelphia, 229 Walnut Street.**

NOTICES.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, SEPTEMBER 5, 1898.

FROM many insurance sources there comes the expression of the opinion that peace will revive business in all branches of insurance. It has been stated that up to the signing of the protocol there had been expended by the government over $150,000,000. That vast sum has been added to the circulation already great, and must give an impetus to trade in all its branches. But the paying out has by no means come to an end, and at least $50,000,000 more must go into circulation and set the wheels of trade in more rapid revolution. Insurance prospers on activity in trade; and while we have seen no material falling off of the insurance business due to the war, we look for a booming activity in the near future for all branches of insurance. As soon as the thermometer retires to lower degrees, which must come as the nights grow longer, we expect to hear the command: "Up boys, and at them," from every general agent.

PRESIDENT IRWIN'S earnest appeal and strong arguments for the reorganization of the New York Tariff Association, ought to receive the most careful consideration of every company of the organization. To check demoralization, to preserve the machinery of the Tariff Association, and to continue the benefits of the old association ought to influence every member. It is to be hoped that this strong appeal will induce the companies interested to get together and demonstrate to the world that they are capable of managing their own interests in a practical and sensible way.

If, as Mr. Irwin shows, "four of the five destructive elements have been largely exaggerated, and that some of them have disappeared entirely," the remaining element of demoralization can be handled by re-organization.

"The basis of re-organization" proposed by President Irwin is to "reinstate all the Tariff Association rates at figures promulgated on rate cards, less 30 per cent. Make the brokerage 20 per cent on all classes rated. Leave dwelling houses and branch offices out of consideration for the present. Employ as many of the former inspectors of the Tariff Association as are necessary to make inspections of new risks and note the change in existing ones." To to that we add, get in a good humor, "look pleasant" as the kodak man says, and determine to deal with each other as you would desire to be dealt by—and all will be well, and if you don't—there'll be the d—l to play all along the line.

REPEAL THE STAMP TAX.

We note with pleasure that, according to the *Insurance Register*, a bill in equity has been filed in one of the courts of Philadelphia, for judicial interpretation of the War Tax Act, as to whether the telegraph company or the sender of the message shall attach the stamp. The law provides, Section 18, that ". . . no telegraph company . . . shall transmit to any person any dispatch . . . without an adhesive stamp, etc."

Elsewhere the law adds: "Dispatch, telegraphic: any dispatch or message, one cent."

There is no intimation or direction in the law which designates who is to put the stamp on the message. The company must not transmit the message without a stamp, but it does not follow that the sender must put the stamp on the company's blank unless it is to be found in the provision of the law "that in any and all cases where an adhesive stamp shall be used . . . the *person* using or affixing the same shall write or stamp thereupon the initials of *his* name and the date, etc."

Nor does the analogy of the law in regard to "Express and Freight" offer any guide, for in those cases the company must "issue to the shipper . . . a bill of lading . . ., and there shall be duly attached and canceiled . . . a stamp of the value of one cent." In that case it would seem that the company must attach and cancel the stamp with its initials and date. While in telephone messages the person, firm or corporation must return within the first fifteen days of each month a sworn statement of the number of messages, "and for each of such messages or conversations the *said* person, firm or corporation shall pay a tax of one cent."

The operation in every instance, either of telegraph, express, and freight or telephoning has been to shift the tax to the customer. That was not the intention of the law, which was to tax the corporations and not their customers. But as was said by one of the corporation agents, "no man will sue us for one cent,"—so they have refused to receive either message or goods unless accompanied with a revenue stamp. In the cases of insurance, it was the "Policy" which must be stamped and the corporations have charged themselves with the expense of the taxes.

Unless that Philadelphia case is "expedited" the stamp tax will be repealed before the law is construed. It is given out from the Treasury that the net Treasury balance will touch $325,000,000 within the next two months; that two extraordinary sources of revenue will bring into the Treasury by the close of the year $350,000,000, of which $200,000,000 will come from the bonds and $150,000,000 from the revenue law. The actual expenditures on account of the war have not yet greatly exceeded $100,000,000. They may reach $150,000,000, and it may require another sum of $100,000,000 to maintain order in the three important dependencies wrested from Spain until the close of the fiscal year in June next, but even these liberal allowances will will leave a surplus of $100,000,000 in the Treasury to be added to the balance of $226,166,944 available on March 31, 1898. That being a correct forecast of federal finances, there is no longer any reason for continuing the harassing and embarrassing Stamp Taxes, and Congress, at the next December session, ought to repeal all the provisions for Stamp Tax in the War Revenue Law. We voice the opinion of the insurance profession when we call upon Maryland Representatives and Senators to move promptly in the direction of a repeal of that portion of the War Revenue Law.

THAT ARISTOCRATIC RASCAL.

The recent conviction, in London, of Monson and his *pals*, for attempted fraud on the Norwich Union Life Insurance Society, was not a very sensational affair, but seems to have been regarded by the English insurance press as the initial case of a series of similar frauds, which is expected to be developed in the near future. The *Insurance Observer* (London) says: "In this case, however, the evidence seems to disclose the existence of a 'ring,' for the exploitation of life assurance companies; and, rightly or wrongly, it is felt that the fraud now exposed is but the first of a series, the revelation of which may be expected shortly." And our contemporary advises that, if the companies "are wise, they will not only exercise increased care in scrutinizing new business offered to them; they will go back a few years, and sift all the assurances recently put on their books, except in cases where their introduction has been above suspicion," and adds, "indeed, we have reason to believe that this action has already been taken by some of the offices; and, if we are not misinformed, further disclosures are imminent."

Whether there will be occasion for another volume of "Stratagems and Conspiracies" cannot be certainly determined at present, but that the British life insurance press are contemplating that necessity is apparent from the extracts from our London contemporary. But this Monson fraud was neither ingenious nor sensational, but very commonplace and ordinary, and if Monson had not previously been involved in the Ardlamont murder trial and escaped by the verdict of "not proven," this deal as a means of raising money would hardly have filled the many columns of the daily and insurance press. Each of our English contemporaries have given many columns to the exposition of this fraud, and from the amount of printed space devoted to these rascals, one might be led to think that the case was exceptional and startling. But the *Insurance Observer* informs its readers that: "similar frauds have not been unknown in this country *while their frequency* in the United States has been notorious time out of mind."

We resent the imputation that frauds of this or any other kind are more frequent in the United States than in England, and we vouch in contradiction thereof the articles in the *Review*, of London, now in the eighth number, on "By Darkest Paths, The Seamy Side of Life Insurance," as showing that such frauds are in England constant and frequent. There have been far too many in this country, but they have not been "notorious time out of mind." The rascals who in this country attempt such frauds are for the most part low and vulgar scamps, but this Alfred John Monson was "the grandson of Viscount Galway, . . the second cousin of the British Ambassador in Paris, and also of the Earl of Crewe, an Oxford man, ... and able to boast of having princes, marquesses, earls, barons, etc., among his clients."—*The Review*. If these frauds were "frequent" in this country our rascals cannot, like Monson, sing:

"My love she is a high-born lady."

BEFORE the next issue of the BALTIMORE UNDERWRITER goes to print, the 29th session of the National Convention of Insurance Commissioners will have met and adjourned. The program promises a series of papers on the various branches of insurance, from some of the brightest minds in the profession, and as far as one can venture an opinion before the fact, this 29th session looks as if it would surpass all previous conventions. There are so many able representatives of the insurance business on the program for prepared papers that the proceedings promise to be a volume of rare value.

THE TEST OF SOLVENCY.

Mr. Andrew Carnegie is quoted as fixing, with exactness, the ear-marks of great financial success: that "there is one sure mark of the coming millionaire; his revenues always exceed his expenditures." Years ago Mr. Wilkins Micawber laid down the same rule even to six penny of excess. Why did not Carnegie give credit to Micawber? "Annual income twenty pounds; annual expenditures, nineteen, nineteen six; result, happiness. Annual income, twenty pounds; annual expenditures, twenty pounds ought six; result, misery. The blossom is blighted, the leaf is withered; the god of day goes down upon the dreary scene and —— and in short you are forever floored. As I am!" Micawber illustrated by experiment both ends of his rule, and demonstrated the theory which Mr. Carnegie now appropriates.

But it is not for Mr. Carnegie only that we have quoted the safe rule of solvency as laid down by Micawber. We would have Superintendent Van Cleave consider the rule as a solvent for the dilemma in which he represents himself to be in his report:

"An association (assessment, of course,) may be insolvent from a proper business and commercial standpoint, and indeed insolvent from a sound insurance standpoint, without being pronounced insolvent by the statute."

If so, that association is "forever floored" by the rule of Micawber, and, whether the State discovers it or not, the "blossom is blighted, the leaf is withered" for all the insured in the association. What possible importance can there be for the State to know the condition of such an association? The insured therein will find out the insolvency, for the insurance press, ever on the lookout for those coming events which cast their shadows before, will soon discern that the "god of day has gone down on the dreary scene."

We do not find that Micawber ever tried insurance as a means of livelihood, but that his knowledge of the business was not inferior to that of many State insurance officials goes without saying.

THE shrinkage in the fire premiums in the congested district of New York City for the first half year of 1898, is something remarkable, and suggests that those companies which retired "builded better than they knew." However, the *Journal of Commerce*, commenting on the returns, says:

"On first inspection these figures would appear to be very much better than was expected, for it was generally understood that the cancellations of the past six months have been extraordinary. Undoubtedly such cancellations, with some companies, have all been accounted for, whether the return premiums have been paid or not. With other companies, and perhaps a majority, return premiums unpaid have not been taken into account. It is also to be considered that a very large amount of the writings, or say new business, of the first six months, particularly during the month of May, represents policies for three or five years, and the patrol figures in that respect are different from those of former years, where the bulk of the premium was for annual policies. A better test of what damage has been done to local underwriting will be the exhibit for the last half of the year, when new business will be scarce, and those companies which have not charged off the return premiums on risks cancelled before July 1 can no longer delay such deductions."

The illustration of the war of rates in New York, given in the "local matters" column of our last issue, by one of our Baltimore companies, is fully sustained by the figures of the *Journal of Commerce*. The position taken by President Irvin of the Fire Association is fully justified. In a late interview he is reported as saying:

"I do not believe it is right for a company to allow such discrimination covering its patrons, as is involved in selling insurance to the New York people at the present ruinous prices when the people of other localities are compelled to pay living rates. What right have I to sell for thirty-three cents over there the goods which we ask and get a dollar for in Philadelphia?"

That is just and honorable dealing with the insured, and wise precaution for the insured.

MR. GEO. D. DORNIN, in *Fire Alarm*, gives the following example of the mutability of fire underwriting offices. The fire, which destroyed the Stockton combined harvester works, occurred August 19, 1888,

"The insurance involved being $127,000 distributed among fifty-three companies. At the date of this final decision but twenty-nine companies are represented by agencies in California; the remaining twenty-four, whose names appear below, having retired altogether from business, or no longer with accessible agents here. The retired companies carried $51,000 of the entire insurance, and of these, seven were local (California) companies. The moral of this exhibit is, the importance to agents of representing companies of financial strength and "staying" powers, and to the property owner, of selecting his insurers, with a view to loss-paying capacity when emergency arises.

The retired companies are:

*Anglo Nevada,
*California,
*Citizens, Ohio,
Concordia,
*Dakota, North Dakota,
Firemen, New Jersey,
German, Illinois,
Germania, New York,
Girard, Philadelphia,
Glens Falls, New York,
Guardian, London,
*Howard, New York,
*Liberty, New York,
National, of Ireland,
*Oakland Home,
*Oregon, Oregon,
Pacific, New York,
Phœnix, of Brooklyn,
*Southern California,
*State Investment,
State of Pennsylvania, Pennsylvania,
*Sun, of California,
*Union, San Francisco.

Those marked * have retired from business."

The "moral" drawn drawn by the writer does not apply to all the companies listed above, for the Firemen, of New Jersey; the Germania, of New York; the Girard, of Philadelphia; thc Glens Falls, of New York; the Guardian, of London, and the Phœnix, of Brooklyn, though driven from California, by adverse circumstances or bad legislation, are at the old stands, and will meet any just obligation with promptness. It is the *stars* in the above list which carry the "moral."

THERE is about the Kansas Insurance Department a most remarkable facility for making fools of all connected with it. Mr. Windmuller, a director of the German-American Insurance Company of New York, and Chairman of the Audit Committee of the Board of Directors, exposes an absurdly false statement recently issued from that Kansas Cave of the Winds. Mr. Windmuller says that some months ago—

"when the company was about to make a large investment, it was found that there was not quite enough cash on hand over the legal reserve to complete the transaction, and $50,000 was borrowed from the Central National Bank. This money was subsequently paid back. That the net earnings of the company for the first six months of this year were about $250,000, including interest on investments, and that a semi-annual dividend of 15 per cent on the capital stock of $1,000,000 had been paid to the stockholders regularly for several years. He said that the assets of the company were over $7,000,000, and that after all deductions for the legal reserve, etc., were made, there still remained a surplus of about $5,000,000."

That puts a quietus on McNall's roorbach that the company "recently borrowed $50,000 to pay the semi-annual dividend."

INSURANCE OFFICERS ON THE RESULTS OF THE WAR.

We publish in this issue of the BALTIMORE UNDERWRITER the views and opinions of able insurance officers on the policy which is to follow peace with Spain. As expressions of opinion, the letters are entitled to the careful consideration of President McKinley and of the members of the Peace Commission, to each of whom we shall forward this number of the BALTIMORE UNDERWRITER.

It is the views and opinions of men like those whose letters we publish, that make that public opinion which is worthy of respect and consideration. With no ulterior purposes beyond the welfare and honor of their country and with the experience which the large and important transactions of their business confers, these writers represent a profession intimately interwoven with the trade, business and commerce of the country. There are no politics behind their opinions, they voice only their convictions as to what ought to be the future policy of their country. The season of vacation, with many insurance men away from their offices, has lessened the number of letters, but those which follow indicate the drift of sentiment and conviction of the insurance profession.

***

MERCHANTS' INSURANCE COMPANY, NEWARK, N. J.

YOUR editorial, "The Risk of Peace," in the August number of your valuable magazine, meets my entire approval to such an extent that I would have been recreant to my official duty, as well as to my individual aspirations, did I not hasten to commend you for it.

The broad ground of the true American spirit on which the article is predicated; the dissociation of party affiliation in treating the subject; the patriotic tone which pervades the whole article makes it exceedingly gratifying to men who, like myself, gave the best efforts of our early manhood, our blood and limbs to preserve intact the glorious heritage bequeathed to us by the men of '76; and if the article had been submitted to me before being put in type, I would neither have crossed a "T," dotted an "I," nor run a blue pencil through a single word.

As you are perhaps aware, I have taken a deep interest in the Cuban question, have given of my time and means to help the cause of Cuban independence; and, prior to the beginning of the war, paid a visit to the island, and investigated for myself, the conditions as I found them, and I am compelled, by actual contact and observation, to agree with you, that the unfortunate qualifications of the declaration of war with Spain, as to Cuban independence, was more the result of political clamor than true statesmanship, and ought not to be permitted to influence the President nor the commission appointed to arrange the treaty of peace.

That the United States is bound by its solemn declaration to give the people of Cuba a stable and peaceful government, admits of no question. The precious lives sacrificed at Santiago, and the continuing sacrifice of health and life by the men who so gallantly vanquished the Spanish forces there, means more than that. It means that they shall not have died or suffered in vain. It means that, if after sufficient tutelage the Cubans are found incapable of comprehending the meaning of our declaration of a safe and stable government, and are unable to set up and maintain such a government, that Cuba must be made a part and parcel of our own territory, and governed by our laws as New Mexico, Arizona, and all the other territories, that have emerged from a territorial condition to full-fledged sovereign States of the Union, were governed. My own personal observation brought me irresistibly to the conclusion that an independent Cuba is a dream of a patriot, alas, impossible. As a class, the Cubans are utterly incapable of appreciating the duties or the rewards of republican citizenship, as we Americans practice it; and we would be untrue to ourselves, unfair to the world at large, and false to our solemn declaration to now turn over to the so-called Cuban Republic, the guardianship of the lives and property of the people of that fair land. As American territory, she could be made an ideal earthly paradise; as an independent State, she would soon become a second Hayti or San Domingo.

With Porto Rico we shall have little difficulty. That beautiful island will soon feel the pulse and throb of the Anglo-Saxon blood; its people released from the mal-administration of Spanish political government, with the influx of American capital, energy and social customs, the divorce of church and state, and the establishment of conditions where every man is free to worship God according to the dictates of his own conscience, that people will rapidly advance in the acquisition of the knowledge necessarily preceding admission to statehood. I look for great things from Porto Rico, and predict a rapid progress for its people in all the attributes of self-government.

Old Glory will never be lowered in Porto Rico, and ought not to be in Cuba or elsewhere where planted by justice, valor and right.

As to the Phillipine Islands we meet an entire change of conditions. A servile and heterogeneous population; unfitted by race, caste, language or their environments, for the duties of citizenship. Unable to govern themselves they must be governed—by whom?

The conditions by which our government finds itself confronted are not of its self-seeking. The fortunes of war have placed upon us an unlooked for, unsought for, opportunity seldom, if ever, paralelled. Is there a single American who, if he divests himself of his prejudice, will not say that the achievements of Dewey and Merritt and the men they command, give us no alternative. We must accept the obligations placed upon us, and take under our care and protection the people whom the fortunes of war have turned over to us; and doing this must accept the responsibilities involved. Never, never can we surrender to Spanish mercies the insurgents, who however indifferently, have been our allies and are now our dependents. But are there no compensations for our care and protection? The commercial and business possibilities of our retention of the entire Phillipine Archipelago have not been fully considered. The majority of our people have a limited knowledge of the trade possibilities of the United States with the Orient. Although American locomotives are supplanting the English-built machines in Japan, American rails competing successfully with the product of European mills and our products generally finding a market in the Orient, yet is our trade with the East in its very infancy, and with Russia, England, Germany, France and Japan seeking new markets for the products of their mills, factories and artisans in the contiguous territory of China; with the revolution in trade now in progress in the far East, why may not our own proximity to the field, with Manila within 48 hours of the great ports of China, give us a large share in this great commercial prize, and compensate us for all that it will cost to administer honestly and justly the government of the Phillipines?

I am strongly in favor of holding every inch of the territory American valor has won, or the fortunes of war placed under our control, and if I were the autocrat of the situation I would simply repeat the immortal words of General Dix: "If any man attempts to haul down the American flag shoot him on the spot."

Yours very truly, J. R. MULLIKIN.

***

THE TRADERS' INSURANCE COMPANY, CHICAGO, ILL.

As I understand it, the resident citizens, as well as those who have large interests in the Philippine Islands, but who are compelled to reside abroad, all, or nearly all, are anxious that the United States should retain control of these islands, and at least exercise a protectorate control over whatever government is left over them when the trouble and war is over.

The United States, in the process of the war with Spain, captured the bay of Manilla and its surrounding cities, harbors, forts, etc. This cost a considerable sum, though, thanks to Dewey's skill and generalship, the loss of life thus far has been comparatively small, but the United States is not only in possession by force of arms, but also by desire of the resident property owners, who have large interests at stake. The insurgents have not demonstrated their ability to either hold or govern these islands even if they were placed in peaceful possession, and if the United States troops were withdrawn the war between them and Spain would go on and human slaughter would of course continue.

The laws of trade, which is ever expanding and reaching out for room and outlets, should also exercise a commanding influence in the matter, and our people are entitled to our first consideration.

For these and other reasons, I favor holding the Philippine Islands under our territorial government, protected and controlled by the United States Government to the end that they may have peace and prosperity in the future, under a republican form of government, which the United States Congress may provide and maintain.

Respectfully,

R. J. SMITH, *Secretary*.

***

MANHATTAN LIFE INSURANCE COMPANY, NEW YORK.

I HAVE your favor of the 18th inst., asking for an opinion regarding the article in the recent UNDERWRITER, under the title "The Risk of Peace." The views you so fully and strongly expressed in that article the writer personally holds.

Yours truly, J. L. HALSEY.

ASSOCIATED FIREMEN'S INSURANCE COMPANY OF BALTIMORE.

YOUR request relative to the editorial under the title, "The Risk of Peace," in the BALTIMORE UNDERWRITER of August 20, 1898, has caused its re-perusal. Never having been a student of political economy, I confess my inability to properly discuss it. The tenor of the interesting article in view of the probable national guardianship by the United States of conquered territory, and what may be ceded by Spain in the Treaty of Peace, wisely indicates a probationary period for the inhabitants prior to their independence.

It may be asserted as a self-evident truth, that no object, private or public, is truly appreciated unless the expenditure of money, personal inconvenience or sacrifice have attended its attainment. Long since impressed that there should be an educational test, required very many years by Massachusetts, and maybe other States, as a qualification for voting, a similar provision, particularly where a mongrel population exists, it is believed would certainly promote obedience to law, order and prosperity.

Fire underwriters are virtually the *custodians of trust funds*, and especially interested in a good and stable government, for in any locality where ignorance and disorder dominates, the discontent of discharged employees is frequently followed by incendiarism and the consequent irreparable waste of capital. In this enlightened and practical age, all must acquiesce in the assertion that the consent of the governed, "can have no place in the administration of conquered peoples, until long experience and trial have demonstrated their capacity to give consent." Permit, therefore, congratulation at the conservatism pervading the timely contribution, especially at this juncture in our national history, when some writers are all aglow with the declaration, "no pent-up Utica contracts our powers, for the whole boundless continent is ours." The entire editorial is a very able reflex of Constitutional Liberty Protected by Law.

Yours very truly,

JNO. C. BOYD.

***

THE PROVIDENT LIFE AND TRUST COMPANY, PHILADELPHIA.

YOURS of the 18th inst. received enclosing article from the UNDERWRITER entitled "The Risk of Peace." The article is powerfully written, and while I am not prepared to accept its conclusions without further information, I sympathize with the patriotic spirit of the writer. There are a great many extremely important questions involved, and without a complete knowledge of facts including our secret diplomatic relations with other countries, I hesitate to assume the attitude of giving advice to the government or to the commissioners. Don't understand this as a criticism of your plan of inviting an expression of opinion.

Truly, J. ASHBROOK,

Manager of Insurance Department.

***

BOSTON INSURANCE COMPANY, BOSTON, MASS.

YOU asked me for an expression of my opinion as to the subject-matter of an editorial in your paper of the 20th inst., in regard to which I would say that I do not approve of the retaining any of the Spanish Islands in any manner whatsoever, for the following reasons:

First. Because it is the fundamental doctrine of our republic that all government shall by the consent of the governed, and while it is probable that a small fraction of the inhabitants of some of the islands in question might be in favor of coming under our government, the chances are that a great majority of them would prefer not to.

Second. Provided the inhabitants did wish to come in, I do not consider it for the interest of this country to take them, for the reason that they are alien in race, thoughts and habits, and some of them are but very little removed from savages. They are certainly not fit to come in as States of this Union, and probably never will be, and it is, in my opinion, contrary to the spirit of our institutions and to our interests to admit additional territory to be governed as colonies.

Yours truly,

CHAS. A. FULLER, *Vice-President.*

***

PHŒNIX INSURANCE COMPANY, HARTFORD, CONN.

REPLYING to yours of the 18th, regarding an article in the BALTIMORE UNDERWRITER, under the caption, "The Risk of Peace," will say that I have read the article, and heartily approve it. Early in the summer I had a strong feeling that it would be a grave mistake for the country to retain anything more in the Philippines than a coaling station, but the press has been teeming with information, and the horizon of our observation has been greatly widened.

What we, as a people, desire, or what we intended at the beginning of the war, are not the questions really to be considered. The march of events has brought us much farther on the road, and we must now face our "manifest destiny" and rise to the full stature of a nation, able and willing to deal with questions far higher and broader than any that have heretofore confronted us. We must go forward, not because we are selfish, or desire broader commercial fields, nor because sentiment and pride say the flag must not be taken down from any point where it has been placed, but because in passing through the trials and unexpected events of war, we, as a Christian people, have come out upon a higher plane of duty than could be foretold, and having reached that point, must cheerfully assume all the responsibilities and burdens entailed, using our power and influence in the uplifting of the people occupying the territories that have so strangely, unexpectedly, and perhaps providentially come under our control.

I am, very truly yours,

D. W. C. SKILTON, *President.*

***

NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT.

I HAVE read your editorial in the August 20th number of the BALTIMORE UNDERWRITER, on the Risk of Peace, and heartily endorse your conclusions as to Cuba, Porto Rico, and the island of Luzon, in the Philippines, and hope some feasible plan may be made to restrict our ownership to the island of Luzon. I have great doubts as to the advisability of retaining the other numerous islands of the Philippines. The cost to do so will likely largely exceed the net income from them, and I do not believe we want them.

Yours very truly,

CHARLES DEWEY.

LOCAL MATTERS.

INSURANCE COMMISSIONER KURTZ will attend the twenty-ninth session of the National Convention of Insurance Commissioners to be held on September 13th to 16th, in Milwaukee.

MR. N. T. TONGUE has resigned the dual agency in this city of the Preferred Accident Insurance Company of New York to accept the State Agency of the Standard Life and Accident Insurance Company of Detroit, with offices in the Builders' Exchange Building.

MR. EDWIN WARFIELD, President of the Fidelity and Deposit Company, of Baltimore, will deliver an extempore address on "Corporate Suretyship" at the National Convention of Insurance Commissioners to be held in Milwaukee from September 13th to 16th.

THE State of North Carolina which for some years was included in the territory of Mr. O. F. Bresee & Sons, as general agents of the Mutual Life of New York, has been transferred to Mr. F. H. Hyatt, who has at present South Carolina. Mr. Hyatt's headquarters will be in Columbia, S. C.

MR. T. T. TONGUE, State Agent of the Standard Life and Accident Insurance Company, of Detroit, has resigned to accept the local managership of the Maryland Casualty Company, succeeding Mr. Joseph Walter, whose duties of treasurer take most of his time. Mr. Tongue is recognized as one of the best casualty agents in this city, and what is the Standard's loss is the Maryland's gain.

AMONG the local fire insurance companies and agents, the impression has been that for the first six months of this year there was a falling-off in premium receipts, but from the salvage corps returns from January 1st to June 30th, as shown in this issue, the total receipts were $607,021.75, as against $584,248 for the corresponding period of 1897, showing that the premium receipts for the first six months of 1898 was $24,873.75 more than for the same time of 1897.

THE Maryland Casualty Company has appointed Mr. E. D. De Leon Manager in New York City. Mr. De Leon was formerly Manager of the Traveler's Insurance Company for that city, and is recognized as one of the best casualty underwriters of the country. In technical knowledge, training, conservative selection of risks, ability to equitably adjust losses, and general administrative supervision of details, Mr. De Leon is justly regarded as the equal of any of the casualty underwriters. He will supplement Mr. Freedman and the two will constitute the ablest working force of any company in New York City. We extend congratulations to both President Stone and Manager De Leon.

FIRE PREMIUM RECEIPTS.

Receipts of the following fire insurance companies from January 1st, 1898, to June 30, 1898, for insuring all species of property in the limits of the city of Baltimore, rendered pursuant to sections 6 and 7 of the "Act to incorporate the Fire Insurance Salvage Corps of Baltimore," passed March 24th, 1886, and amended March 8th, 1889; also the amount assessed each company for the maintenance of the Fire Insurance Salvage Corps.

Local Companies.	Premiums Received.	Assessment.
American	$8,473 70	$127 11
Associated Firemen's	7,818 56	117 28
Baltimore	8,927 43	133 91
Baltimore Equitable	4,138 78	62 08
Firemen's	22,379 81	335 70
German	41,763 32	626 45
German-American	11,553 88	173 31
Home	8,680 27	130 20
Howard	8,419 50	126 29
Maryland	4,925 83	73 89
Merchants and Manufacturers	9,248 00	138 72
Mutual	2,468 32	37 02
Maryland Home	76 45	1 15
National	4,706 70	70 60
Old Town	2,761 48	41 42
Patapsco Mutual	1,920 80	28 81
Peabody	8,896 96	133 45
	$157,359 79	2,357 39
Foreign Companies.		
Atlas, London	$3,281 62	$49 22
Aachen and Munich, Germany	4,642 64	69 64
British America, Toronto	5,864 33	87 96
Baloise, Switzerland	6,829 94	102 45
Commercial Union, England	10,601 35	159 02
Caledonian, Scotland	6,920 91	103 81
Hamburg Bremen, Germany	2,571 37	38 57
Helvetia, Swiss	437 59	6 57
Imperial, England	4,224 63	63 37
Liverpool and London and Globe	14,208 07	213 12
Lancashire, England	4,201 60	63 03
Lion, England	977 32	14 66
London Assurance, England	4.912 20	73 68
London and Lancashire, England	10,026 94	150 40
Law, Union and Crown, England	1,105 11	16 58
Manchester, England	5,185 20	77 78
Magdeburg, Germany	2,286 20	34 29
North British and Mercantile, England	9,415 04	141 23
Norwich Union, England	10,850 44	162 76
Northern Assurance, England	7,927 12	118 91
North German, Germany	2,155 44	32 33
Netherlands, Holland	3,609 09	54 14
Phœnix, England	8,086 84	121 30
Palatine, England	4,526 48	67 90
Prussian National, Germany	2,161 16	32 42
Royal, Liverpool	17,390 70	260 86
Royal Exchange, London	2,149 08	32 24
Scottish Union and National, Edinburgh	5,062 42	75 94
Sun, London	12,694 95	190 42
Svea, Sweden	2,940 32	44 10
Thuringia, Germany	2,750 05	46 25
Transatlantic, Germany	1,343 68	20 15
Union Assurance, England	2,389 42	35 84
Western, Toronto	10,534 05	158 01
	$194,263 30	$2,913 95
Other-State Companies.		
Ætna, Connecticut	$7,288 89	$109 33
American, Pennsylvania	4,334 36	65 02
American, Newark	3,632 27	54 48
American, New York	5,185 35	77 78
American, Boston	2,602 79	39 04
American Central, St. Louis	1,195 47	17 93
Agricultural, New York	9,779 63	146 69
Armenia, Pittsburgh	613 33	9 20
Assurance, New York	3,450 75	51 76
Boston, Massachusetts	1,974 63	29 62
Buffalo Commercial, New York	1,006 63	15 10
Buffalo German, New York	992 39	14 8[illegible]
Connecticut, Hartford	3,979 80	59 7[illegible]
Continental, New York	9,096 56	136 4[illegible]
Commerce, New York	729 17	10 9[illegible]
Citizens, Pittsburgh	1,194 64	17 9[illegible]
Citizens, St. Louis	2,464 30	36 9[illegible]
Colonial, New York	2,632 95	39 4[illegible]
Cincinnati Underwriter's	1,213 26	18 2[illegible]
Delaware, Philadelphia	2,506 66	37 6[illegible]
Equitable, Providence	2,971 78	44 5[illegible]
Erie, Buffalo	2,258 15	33 8[illegible]
English American Underwriters	723 90	10 8[illegible]
Eastern, New York	2,290 68	34 3[illegible]
Franklin, Philadelphia	2,787 84	41 81
Fire Association, Pa	8,203 62	123 05
Farmers, York	1,278 78	19 1[illegible]
Firemen's Fund, California	4,218 33	63 2[illegible]
German American, New York	5,093 58	76 4[illegible]
German Alliance, New York	3,552 05	53 2[illegible]
Germania, New York	11,891 47	178 37
Glens Falls, New York	3,235 07	48 5[illegible]
Greenwich, New York	1,766 44	26 5[illegible]
Globe, New York	2,476 68	37 1[illegible]
Home, New York	11,754 30	176 32
Hanover, New York	2,906 38	43 6[illegible]
Hartford, Connecticut	6,905 34	103 68
Insurance Company of North America	2,910 70	43 66
Lumbermans, Philadelphia	1,165 57	17 48
Lafayette, New York	597 20	8 96
Merchants, Providence	2,904 37	43 57
Merchants, Newark	4,963 67	74 45
Millers and Manufacturers	1,323 59	19 86
Manhattan, New York	2,307 14	34 61
National, Hartford	3,692 10	55 38
Niagara, New York	3,648 67	54 73
New Hampshire, Manchester	4,256 93	63 85
Northwestern, Milwaukee	2,602 78	39 04
Norwood, New York	762 19	11 43
New York Underwriters	6,179 46	92 69
National Standard, New York	2,130 01	31 95
Orient, Hartford	2,969 55	44 54
Pennsylvania, Philadelphia	6,726 95	100 90
Phenix, New York	8,184 51	122 77
Phœnix, Hartford	5,950 58	89 26
Providence-Washington, Rhode Island	5,616 16	84 24
Pacific, New York	1,854 52	27 82
Philadelphia Underwriters	4,152 75	62 29
Queen, of America	4,469 98	67 05
Reading, Pennsylvania	1,519 45	22 79
Rochester German, New York	2,465 81	36 99
Springfield, Massachusetts	4,473 99	67 11
Spring Garden, Philadelphia	2,128 21	31 92
State of Pennsylvania, Philadelphia	4,250 04	63 75
St. Paul, Minnesota	3,096 79	46 45
State, New York	1,130 18	16 95
Security, Connecticut	1,714 75	25 72
Schuylkill, Philadelphia	384 08	5 76
Traders, Chicago	2,577 61	38 66
Traders, New York	1,223 67	18 35
Union, Philadelphia	1,476 68	22 15
United Firemen's, Philadelphia	2,245 49	33 68
Westchester, New York	5,942 32	89 13
Williamsburgh City, New York	1,411 99	21 18
	$255,398 66	$3,834 03

Summary.

Local	$157,359 79	$2,357 39
Foreign	194,263 30	2,913 95
Other-State	255,398 66	3,834 03
	$607,021 75	$9,105 37

The volume of Chronicle Fire Tables for 1898 has been received and our thanks are returned to the publishers, The Chronicle Co. The value of these tables increases every year, for they widen with the business and keep always at the front as a record of the fire losses in the United States. The comparative statement of losses for the years from 1893 to 1897 shows that in the five years $684,000,000 of property have gone up in smoke and ashes.

CORRESPONDENCE.

LETTER FROM ATLANTA.

Comptroller General Wright, of Georgia, has issued a neat little book showing "Statement of business done in Georgia by Life, Fire, Marine, Guarantee, Steam Boiler and Accident Insurance Companies for the year ending April 30th, 1898." The book in question gives amount of business, premium receipts, losses, expenses, etc., and is well gotten up and of much value. It shows that Comptroller Wright is keeping well up with his office, and looking after the interests of insurance properly.

The National Fire Insurance Company of Hartford has entered the State of Tennessee.

One of the largest fires that has ever visited the city of Macon, Ga., occurred during the past week, when the wholesale and retail drug house of H. J. Lamar & Sons of that place was totally destroyed by fire. This was perhaps the largest drug house in the State. The fire caught in the basement on account of the class of stock, soon spread all over the building. The Macon Fire Department did magnificent work, keeping the flames confined to this building alone. Their splendid work called forth a card of thanks from many of the business men of that city. Macon somehow plays in hard luck in matters of fires. She has just been agitating the question of lower rates in that city, and as a matter of fact had splendid chances of having them reduced by the Association. It was unfortunate indeed that this fire should have occurred at this time, which will greatly reduce the chances of rates being reduced there. There is no question but that the dwelling rate of Macon is too high, and as a matter of fact rates in general are too high there. This fire should not influence the Association one bit in the lowering of rates there. Macon has had a good record in the past. It has a splendid fire department and a good water department.

Mr. W. L. Sherrill, Southern general agent of the Manhattan Fire, has been appointed to look after the business of the Germania of New York. Mr. Sherrill is a wide-awake, progressive insurance man, and this appointment will be the outcome of some good business for the Germania. Mr. Sherrill is one of the best posted fire men in the South, and while he acted as special agent for the Greenwich, some few years ago, he had the reputation of being a special that few equaled. It was said then that Sherrill could settle losses satisfactorily in every case to both parties concerned, get a compliment from the company and have an invitation to spend vacation with the claimant.

Mr. W. E. Hawkins, who for the past few years has acted as general agent for Georgia for the Ætna Life, has given up his position with that company to accept the general agency for this State for the United States Life. Mr. Hawkins is well known in the circles of the Southern insurance field, and has quite an extensive reputation as a field man. His record with The Ætna is said to be quite an excellent one, and the United States Life may consider themselves quite lucky in getting his services in the ranks of that company. Mr. Hawkins has gotten actively to work for the United States Life and has already gone on the warpath for business.

Mr. Thomas E. Allen has been appointed special agent for the United States Life at Americus, Ga., by Manager Hawkins, of that company.

The many friends of Mr. R. L. Foreman, of Atlanta, are congratulating him on all sides on his recent distinction of receiving second prize at the association meeting for the best essay on "The Relation and Obligations of Agents to Companies and to the People." It is said that his essay in question was an excellent one.

The report of the Alabama State Mutual, for the six months ending July, 1898, is out, and shows cash receipts of $27,294, and disbursements of $24,738. Cash on hand, $9,554. From remarks made by Secretary Locke, it would seem that he is well pleased with this statement. As a matter of fact, the people of this and adjoining States are a little (?) credulous about these mutuals. They have had a few doses of mutual fire companies. Georgia is a striking illustration. During 1897, there were six Georgia mutuals, (who looked like they were unusually prosperous from their statements) which went to the wall, leaving behind them nothing save a "roller-top desk" and a scrap basket, to pay claims ranging from $12,000 to $15,000 each. This experience has come very near stamping out mutuals in this section. Of course there is an exception to this rule, that is the Southern Mutual, of Athens. No one doubts this grand institution, which has, for the past number of years, paid back into the hands of its policyholders, dividends annually, ranging from 65 to 72 per cent. The day of these companies are, however, past. There will never be but one Southern Mutual, and no matter how happy the secretary of the Alabama Mutual might be over his semi-annual statement, the public at large in this section are not inclined to grow gay with him.

The license of the Ft. Wayne, of Indiana, has been revoked in the State of Alabama.

Some few days ago the Atlanta local exchange made a splendid stand, in requesting all their companies not to accept lines on the National Furniture Company. This furniture company cancelled all its policies written by Atlanta agents, in the tariff association, because the stamping clerk would not approve of the schedule form they had recently adopted, at the suggestion of a New York expert whom they employed. The stand taken by the agents of the local exchange was certainly the correct one, and all companies, whose agents have made this request, should show their loyalty by staying off this risk.

Mr. Dan Joseph, a prominent insurance man of Columbus, Ga., has sold out his insurance agency to Messrs. Flinn & McGivern.

The insurance agency of Bowen & Carter, State agents for the United States Casualty Company, and the Maryland Life, also representing several fire companies locally, have taken in Mr. Trammell, a prominent citizen of Atlanta, as a partner, the firm now being Bowen, Carter & Trammell.

Mr. Edson S. Lott, secretary of The U. S. Casualty Company of New York, was in Atlanta a few days ago visiting his general Georgia agents, Messrs. Bowen & Carter. Mr. Lott was well pleased with the business that has been done by his Georgia agents, and paid a very high compliment to their business ability.

Mr. Cary Wood, who for several months past has been a special agent for The New York Life at Atlanta, has been appointed superintendent of agencies for The Ætna Life for Georgia, with headquarters in Atlanta.

Mr. B. E. Guerrard and R. M. Mitchell, both wide-awake specials who have been with the agency force of The New York Life, have recently joined the ranks of The Ætna Life.

Southern Manager Fox, of the Iowa Life, has appointed Mr. W. R. Thomas, a prominent insurance man of this city, as general agent for Georgia.

X. Y. Z.

LETTER FROM NEW YORK.

ATTEMPTED REORGANIZATION OF TARIFF COMPACT.

President Irvin of the Fire Association and of the National Board of Underwriters is making an attempt to form a new compact here.

Some managers think it is too early to do this; some that the attempt is made at a good time; few think it will be successful.

Mr. Irvin's circular-letter is doubtless familiar to most of your readers. It is about as follows:

I. The situation in New York is bad, much worse than anticipated, the machinery of the late Tariff Association is yet available, and if four-fifths of the old members would join together, agree to a restoration of rates at 30 per cent less than those made by late compact, a new compact could be formed and reckless competition avoided

II. The causes of disruption of compact briefly were:

(a) Fear of competition of the Continental.
(b) Entry of numerous Lloyds, Mutuals and individual underwriters in New York, made possible by the tariff compact.
(c) Disloyalty of members of compact.
(d) Admission of foreign companies with large reinsurance facilities, reinsurance treaties made by home companies, enabling large lines to be written.
(e) General decline of business, leading losing companies to suspect their neighbors of treachery.

III. The letter goes on to say these causes were exaggerated as outside compact companies, during the life of the compact did not increase business enough to justify disruption, and comparison of premiums of 19 companies in 1890 is made with those of 1897, show-

ing increase of $1,800,000 in all, the outside companies getting only $584,000.

IV. It is then said that in 1897 the tariff reduced rates about 33⅓ per cent, and reductions were made by schedule ratings. Also that to-day's rates are 40 per cent lower than in 1897. It is inferred that with compact in force, it would be better for companies even at 70 per cent of promulgated tariff rates, as prevailing rates, and that the worst is yet to come.

V. The effect on outside associations is then considered, and

VI. *Plan of reorganization* is suggested as follows:

The rates to be fixed at 30 per cent of late tariff rates, 20 per cent brokerage to be paid on rated business. Dwelling business to be left out of consideration; also branch offices. And then follows details of internal reorganization, liable to change. The letter concluding with an appeal based upon the certainty of demoralization extending; and a request of exchange of views, which if encouraging would lead to meeting on the 20th September for consideration of the whole question.

This letter called out one from Mr. Lindley Murray, Jr., of the Empire State of New York, in which he thinks the last compact was detrimental to the interests of the smaller companies and giving a list of nineteen companies whose total premiums decreased $123,000 or 15 per cent in 1897 compared with 1890. And while making no suggestions, asking for a tariff that will yield equal benefits for all.

That, of course, is what we all profess to be after. We take it that the object of Mr. Irvin's suggestion is to elicit other suggestions. Because, to make a flat percentage reduction of rates would leave any faults in the tariff unamended, especially with dwelling business untouched.

I have ventured in previous letters to suggest a remedy. Conditions in New York are much changed—so many new companies have been formed, foreign companies entered the State and reinsurance compacts formed, that there is not now excess of business over the carrying capacity of insurance companies. It is here now as it is and has been for years in the smaller cities, so that, with keener competition, the companies must expect a smaller profit—they certainly cannot get any profit as things are now.

Under these conditions, I would suggest that all questions of "up town" or "down town" or "suburban" business be eliminated from the discussion; that questions of commission or brokerage, or number of agents, be set aside for the present and attention given solely and entirely to the rates.

Classify the whole city and suburban business; get as near an approximation to premiums and losses as is possible (and it is possible to get pretty near); fix a commission, say 20 per cent, to agents and a brokerage of 15 per cent to brokers, and then decide upon a rate that shall give a certain average small profit to the companies, and begin with a tariff for rates only. Above all, let the attempt be made to fix the rates so as to give about the same average profit on every class of business, so as to prevent the late discrimination in choice of business by non-compact companies.

A compact of this kind can be formed by 50 per cent of the companies, it will force the rest to follow, and it cannot be broken with impunity, and would at least bring some profit to the companies. Minor questions would come up for consideration later.

Mr. Irvin has our most sincere sympathy; he will know exactly what to do, by the 20th, many times over. The trouble may come in doing it.

OUR RECENTLY ACQUIRED ISLANDS.

The manager of an English company, which already has agencies in Cuba, Porto Rico, and the Philippines, has received many letters from agents asking for general agencies in one or other of these islands. An amusing ignorance, combined with a bold audacity, is displayed. That the applicant cannot speak a word of Spanish is of no consequence; it matters little which island shall be selected, any one will be welcomed, but preference is given sometimes for Porto Rico; and, it is generally assured that "rich virgin fields" are open for occupation and conquest.

In these islands the insurance seems to be mainly confined to stocks in warehouses at the ports of entry, stocks and some few buildings in the few larger cities, church property and the property of foreigners who have capital invested in industries over the islands. There is little or none of that miscellaneous insurance of dwellings, furniture, small stores, etc., that goes to make up the bulk of an agent's business here. The agents generally are merchants and bankers who consider insurance a small part of their general business.

THE HANOVER SAFE.

Messrs. Price, McCormick & Co., do not appear to have secured any large quantity of the Hanover stock. The first purchase of 100 shares is a small part of the total 20,000. It is understood that some small blocks have been also bought, but the larger stockholders appear to be loyal to the company. As an investment, 5 per cent half yearly is not an every-day inducement. A high price will necessarily be asked for such a stock. Then it is generally found that the stock of a company of the age of the Hanover is well distributed and difficult to get at.

The indifference of other New York companies to the fate of the Hanover seems strange, unless it arises from the fact that they are engaged themselves in a fight almost for existence, because of the disruption of the Tariff.

MISCELLANEOUS ITEMS.

Voss, Conrad & Co., Thuringia, of New York, and the Frankfort American of New York, have begun business, and are extending to other States.

The Reading Insurance Company goes to Delesderniers and Cluff from Harold Herrick from the 1st of September.

The "Recapitulation" (*Journal of Commerce*) of comparison of New York premiums of first half of 1897 with same period of 1898 gives:

	First half of 1897.	First half of 1898.
Local companies' premiums.....	$1,827,112 00	$1,463,509 96
Agency companies' "	1,698,043 00	1,247,074 62
Foreign companies' "	2,036,151 00	1,840,971 57
Total.....	$5,556,206 00	$4,556,556 15

There is a well-defined rumor that the permanent receiver of the Lincoln will not be appointed, but that all claims will be paid in full by former supporters of the company, if the court will allow them to do so.

It is understood that the company is well able under proper management to pay over 100 cents on the dollar.

The Lancashire enters the field for tornado business.

Paul E. Rasor of the Magdeburg has been elected president, Marshall P. Driggs of the Williamsburgh City vice-president, and Harry Hall secretary of the new Underwriters' Club. The membership will be limited to 500, 250 having already been secured.

Business is very quiet, few changes are being made and the result of the attempt to reform the compact is eagerly waited for.

LONG DISTANCE TELEPHONING.—*L'Agent D'Assurances*, to the *Insurance Record*:

"Allo! Allo!

Le téléphone, cette admirable application de l'électricité, se révèle criminel. Il résulte, en effet, de constatations récentes, que de graves maladies, telles que la teigne, la pelade, l'eczêma, l'herpès, etc., ont été communiquées à des personnes saines, par l'application, sur les oreilles, de récepteurs contaminés.

Pourquoi ne pas chercher un moyen rapide de désinfection des récepteurs? Cela ne paraît nullement impossible.

Et ce cera un nouveau progrès scientifique à l'encontre des pessimistes qui proclament la faillite de la science."

A BUSINESS, not an insurance, corporation of Ohio, has been "notified by an attorney at Baltimore, Md., that we cannot transact any business or maintain any action in court, in the State of Maryland, until we have filed with the proper officer a duly certified copy of our charter, together with a sworn statement of such corporation, setting forth the amount of capital stock authorized, amount issued, amount of assets and liabilities, and name of resident agent upon whom legal process can be served, this to be accompanied with a $25 fee. We have no resident agent in Maryland in any form, but do solicit orders by a traveling salesman, who carries samples."

To this *The Review* replies: "Any person or corporation who owns goods in one State, which are a proper subject of commerce, may send an agent into another State for the purpose of taking orders for their sale, and may ship them into the other State after they are sold. Such transactions constitute interstate commerce, and the second State cannot interfere with them by the imposition of a tax, or a fee, or any other burden. The Supreme Court of the United States has often so held, one of the most recent cases being that reported in 153 U. S. 289."

NATIONAL ASSOCIATION OF LIFE UNDERWRITERS.

The Ninth Annual Convention of the National Association of Life Underwriters, at Minneapolis, on August 17th, 18th and 19th, was made happy by several excellent addresses, and the good times and things which the city lavished upon the visitors.

President Bowles in his excellent address sounded the keynote of honorable life insurance solicitation, when he said:

"Let it be the aim of every member of this association to uphold the integrity of all responsible, solvent companies, whether they be large or small, and by such course strive to deepen the faith, which is the cornerstone of the house, in the mind of the policyholder and public, towards all companies which are carrying on the great business of life insurance; which means the permanent success of the agent and the highest development of the man."

To the "Twister" and the "Rebater" he paid the strictures they deserve; he urged the different State Associations to keep watch and ward over unjust State legislation, the rapid growth of which was a serious menace to the business. He was not forgetful of the "ever watchful insurance press," "wielding its influence against the creation of legislation tending to the injury of life insurance," and gracefully connected the brilliant achievement of Lieutenant Hobson in Santiago Harbor with life insurance in the following extract:

"When you see a young lieutenant in the navy practicing economy and making sacrifices in order to carry a ten-thousand-dollar life insurance policy to protect, in the event of his death, his devoted mother, you may be assured he possesses the manhood and the metal that will send him forward when duty calls, to brave every danger, and, if necessary, sink a hundred ships, though his life be imperiled by a thousand mines. So, with an army of thousands of men, a great many hundreds of thousands of dollars of insurance is held upon their lives, thus demonstrating the important relationship of the business to the history of the country more fully than ever before."

Mr. F. C. Oviatt's answers to his theme "What are we here for?" were forcible and appropriate. Not legislation but Association, and all which that implies—of good fellowship, which cultivates a frank and honorable *esprit de corps*, impossible so long as association and its intimate relations did not exist—but let Mr. Oviatt speak for himself:

What are we here for? While the association is not a legislative body, and cannot bind its members except as they may be influenced by the concensus of opinion, it can take a plain and unmistakable position upon the wrong practices of the business. The larger the membership the greater will be the weight of the opinions expressed. The companies will be glad to give heed to the opinions of the agents when it is understood that there is no attempt to do what is not within the proper sphere of action. There should be no appearance of dictation, nor, on the other hand, should there be any hesitation about speaking out concerning what is wrong.

What are we here for? Not to try and reform the business in a day. It is slow work to change established practices. This means that there is no need of being discouraged because it takes time to bring about desired changes. If not accomplished at once, keep at it and do not denounce the means being used as useless simply on account of your thinking that it ought to have been accomplished sooner. Rather lend your best efforts to the forwarding of improvements. Be patient and persistent, and remember that in a voluntary association a proposed change to be effective must commend itself to the good sense of the majority of the members. Men can be led when they cannot be driven. The association is larger than any one of its members. A member may think that his plan ought to be carried out at once, without allowing any time for the men who are slow thinkers to reason out the bearing of the proposition.

What are we here for? To encourage by all proper means fair methods of competition. It is always necessary to bear in mind that the method of getting business is important. The man solicited does not forget the method of his solicitation. He who practices guerrilla methods makes it harder for the man who follows him. I once had a prominent educator ask me if I knew of a life insurance agent who would come and tell him about what he had to sell and forget that there was any other company but the one he represented. We are here to stand for the proposition that it is possible to write life insurance and maintain the dignity of the business. We are here to remember that wise co-operation means the advancement of the general welfare. We are here because organized effort is more potent than individual effort. We are here on dress parade, because dress parade means a willingness to do our share of picket duty.

A rising vote of thanks was given Mr. Oviatt for his splendid paper.

Judge M. B. Koon, of Minneapolis, showed how an old and threadbare theme could be redressed in suitable coloring and made young and attractive by graceful rhetoric.

Mr. David N. Holway, of Boston, read a very strong paper on "The Power of Education in Field Work." Altogether the Ninth Annual Convention seems to have been as fruitful in instruction and good times as any of the previous meetings. But there was not that fullness of attendance which the Annual Convention deserves, for out of a membership of 23 State Associations, embracing 976 members, there does not seem to have been over 100 present at Minneapolis.

The Calef Loving Cup Essays by George W. Johnston, of Cincinnati, and Robert L. Foreman, of Georgia, received the prize awarded by the committee consisting of R. B. Deardon, *United States Review*, J. C. Bergstresser, *Insurance World*, and F. A. Durham, *Underwriters' Review*.

The selection of Mr. Richard E. Cochran, vice-president of the the U. S. Life Insurance Company, to be president, was a compliment merited by the recipient, and a recognition of the companies in the work of the Association. Mr. Cochran is the first officer of a company thus complimented. In thanking the association Mr. Cochran expressed his concurrence in the association's efforts, and in strong terms deprecated the existence of twisting and rebating, and asked the hearty co-operation of every one engaged in the life insurance business to stamp them out. A.

A Horseless Fire-Engine—A Machine to be Tried by the London Fire Department.—Steam fire-engines as used up to the present time have not enabled firemen to compete with fires either effectually or rapidly, although the volume of the jet is infinitely more considerable than that of the hand fire-engine.

Unfortunately, too, owing to the crude methods employed, the working of a steam-engine requires time—practically not less than fifteen to eighteen minutes—to obtain a full head of steam. Harnessing the horses, etc., also takes a considerable time, and one must reckon on half an hour at least between the time the alarm is given and the engine is ready to work—at least this is the London experience. With a petroleum automotor fire-engine (the first idea of which is said to be due to Leon Porteu, lieutenant of the Rennes firemen), the numerous inconveniences of the steam engine drawn by horses are considerably minimized. M. Porteu's first patent is now some years old, but, thanks to his energy and perseverance, he has at length succeeded in constructing a petroleum automotor fire-engine, which is likely to have a big future before it. This engine is composed of a frame in steel sections, mounted as usual on wheels, with this difference—that the front axle is a director, as with nearly all the automotor carriages. Behind the driver's seat is the motor, with four cylinders of Cambier & Co.'s make, placed longitudinally. The main shaft drives by means of mitre and bevel wheels, an intermediate shaft, on which is mounted gear, sprocket wheels, etc. This intermediate shaft also gears with the pump shaft. The water for cooling the motor cylinders is carried in a tank, and when the pumps are running a connection from the pump-pressure chamber easily replenishes the former.

The power developed by the motor is 30-B horse-power; this projects a stream of water, the volume of which is about four hundred to five hundred gallons per minute, under a pressure of a hundred and fifty pounds per square inch. For igniting the charges in the motor cylinders, and also for giving a powerful light on the scene of the operation, a small storage battery is carried, which, when charged, suffices for an eight hours' expedition. It is easy to see the great advantages of petroleum automotor fire-engines. If kept in perfect condition they can be set in motion in a few seconds after the alarm has been given. The starting occupying but a minute or so, the arrival on the scene of the fire can be effected in fifteen minutes sooner than the most rapid steam engines. The run can be made at an average speed of nine to ten miles per hour. Immediately on arrival at the scene of the fire, the vehicle is brought to a standstill, and the motor, which has been stopped, sets the pumps in motion, and, as soon as the hose is unrolled and connected with the water pipes, the pumping engine can give out its greatest duty. This sort of engine, as tested by trials, can attack a fire twenty minutes quicker than an ordinary steam-engine well kept and well worked. This difference, in time, can, in almost every case, prevent an extension of the fire, and, thanks to the Porteu system, considerable disasters can be avoided in future. We commend this notice to the London County Council Fire Brigade, as it is simply not true to state publicly that there are no efficient automotor fire-engines, and make this statement an excuse for the "*laissez-faire*" policy of the Council in the matter of fire prevention.—*The Automotor.*

KIND WORDS FOR DR. C. C. BOMBAUGH.

NOTABLE and regrettable was an announcement in the *Baltimore Underwriter* of July 5. Therein James H. McClellan, now publisher, stated the withdrawal of the master-spirit of that journal from the editorial chair with an indefinite absence—that is, with no promise of return. The possible termination of such a marked editorial career of thirty-three years, graced with the light of large scholarship, is an event whose significance speaks for itself. That one, who is now the only one in the present editorial ranks of insurance journalism in the United States who was in line with him when he began, wishes that at least the author may reappear, though the editor remains silent, but wishes first the return. Dr. Charles C. Bombaugh's entrance into insurance was as a medical examiner. His beginning in editorship pertains to a conspicuous part of American history. In the Civil War he went out as surgeon of the Second Regiment of the Philadelphia Brigade, afterwards the Sixty-ninth Pennsylvania Volunteers. Stricken down with a nearly fatal attack of fever, he was transferred from the field to the military service hospital in Philadelphia; then there came an order, in April, 1864, transferring him ostensibly to the military hospital at Baltimore. It was not, however, the skill of the physician, but the attainments of the litterateur which was the occasion of the change. The *Baltimore American* was at the time the only loyal paper in Maryland, C. C. Fulton, proprietor. Mr. Fulton had been previously connected with the Philadelphia press. The order was issued at the request of Montgomery Blair, President Lincoln's postmaster-general, so that Dr. Bombaugh could, as part of a double work, write the leading editorials of the *American*. He resigned from the army, May, 1865, but continued with the *American* a few months longer, then gave it up from inability to endure the drudgery of a daily paper. Acting as medical examiner, he was brought in touch with life insurance agents, who asked him to utilize his editorial experience in the conducting of an insurance paper in Baltimore, and so the *Baltimore Underwriter* was started. What it has been needs no recital here.—*American Exchange and Review.*

***

DR. C. C. BOMBAUGH'S announcement of his retirement from the editorial control of the *Baltimore Underwriter* in the issue of that journal, of July 5th ult., produced much surprise and regret among the craft. Dr. Bombaugh founded the "*Baltimore Underwriter*" in 1865, and from that time through the third of a century that has since elapsed has ably conducted the publication. His mental and moral qualities, developed by faithful self-discipline, have been brightly reflected in its pages. During his entire editorial career it has been obvious that his work was guided in accordance with a lofty standard. His intellectual grasp of the subjects he handled, his clearness of thought concerning the points involved, his mastery of and telling expression, his forcible style combining elegance and ease with strength and vigor, all imparted a charm to his writing. That he has made an instructive journal is well recognized. While his medical training has given him special advantages in presenting topics of interest to life underwriters, he has also well embraced the entire curriculum of the great subject of insurance generally. We wish Dr. Bombaugh much enjoyment in the retirement and rest which he proposes taking. If, after a period of rest, he should return to the editorial tripod, he will no doubt receive from the fraternity a hearty welcome. Meanwhile we extend to Mr. J. H. McClellan, who for many years has been connected with the *Baltimore Underwriter*, and now its publisher, our hearty greetings and wish him signal success in his management of the publication.—*The Insurance Critic.*

***

ONE of the most valued of our American contemporaries is the *Baltimore Underwriter*, whose founder and editor, Dr. Bombaugh, is, we believe, so far as length of service is concerned, the oldest insurance journalist in the world, while his work on the *Baltimore Underwriter* long since proved him to be one of the most capable. It is with great regret that we find in the last issue of our contemporary a notice signed by the publisher, Mr. James H. McClellan, stating that "the founder, and for thirty-three years editor of this journal, has withdrawn from active service in the editorial chair to take an unlimited vacation, leaving to the undersigned the responsibility for the course and character of the paper during an indefinite absence." At the end of his notice, Mr. McClellan states that the readers whom the master-spirit has so long attracted to the editorial columns of the *Baltimore Underwriter* will no doubt unite with him (Mr. McClellan) in extending their best wishes to him for health and contentment in his prolonged absence. Undoubtedly they will. We read between the lines that Dr. Bombaugh's health is not what it should be, and that after long and honorable work he is now saying farewell to insurance journalism. In his retirement he has our sincere good wishes, and we cordially agree with the following appreciation of the doctor by Mr. McClellan; it is sympathetic, and, better than that, it is true: "There may be those among the readers of the *Baltimore Underwriter*, some for the whole period of its career, and others for shorter terms, who, recalling its characteristics in the line of clear thought and forcible expression, of well-balanced judgment and impartial criticism, of ready helpfulness to honest effort and plainly manifested contempt for sham and counterfeit, as well as stern rebuke of incompetency and mismanagement, will feel that while journalism is presumably impersonal, an evident and vigorous personality has disappeared from these pages."—*The Insurance Observer, London.*

THE *Baltimore Underwriter* announces in its issue of July 5th, that Dr. Charles C. Bombaugh, the venerable and able editor, has decided to take a permanent vacation. Dr. Bombaugh has served insurance interests as editor of the *Baltimore Underwriter* for thirty-three years, and his work has ever been stamped by learning and ability. James H. McClellan, who has been associated with Dr. Bombaugh for more than twenty years, will hereafter have sole charge of journal.—*Insurance World.*

***

WE notice with great regret that Dr. Bombaugh has retired from the editorship of the *Baltimore Underwriter*, owing to ill-health. That, at least, is how we understand the announcement made in our esteemed contemporary by James H. McClellan, the publisher, who says: "The founder, and for thirty-three years editor of this journal, has withdrawn from active service in the editorial chair to take an unlimited vacation, leaving to the undersigned the responsibility for the course and character of the paper during an indefinite absence." Dr. Bombaugh is, we believe, the oldest insurance journalist in the world, and during his long career with the *Baltimore Underwriter* has never been afraid to say what he thought. A terror to evil doers; always ready to recognize and encourage honest effort; a man of clear perception and sound judgment, who works in splendid style, and whose work was always interesting. Dr. Bombaugh's retirement creates a void in the ranks of insurance journalism that will not be easily filled. From the tone of Mr. McClellan's announcement we can hardly hope for Dr. Bombaugh to return to active work, but we trust that that his well-earned rest will so thoroughly establish his health as to keep him amongst us for many years to come.—*The Insurance Index.*

***

IT is no mere form of words when we say that the permanent withdrawal of Dr. Charles C. Bombaugh from the editorial chair of the *Baltimore Underwriter* would be an event deeply to be regreted. We should feel it as a personal loss, somewhat as if the man had died. We say "somewhat," because, after all, we do not believe that the retirement will be a finality. Wish him "health and contentment in prolonged absence"? Of course, and most heartily; but it would be an altogether vain wish if the absence were to be permanent. For six months, or a year perhaps, Dr. Bombaugh might be both healthy and contented, taking his ease in leisurely foreign travel, or even for a longer period if at the end of it he were coming back to the old work. But if he has said to himself, "I am out of it forever," he will have no rest until he changes his mind. And so, doctor, a pleasant time to you, and by and by a happy return to the chair editorial.—*Insurance.*

***

DR. CHAS. C. BOMBAUGH, who founded the *Baltimore Underwriter*, and for the past thirty-three years has been its editor, has retired from that position and gone into the private ranks. The doctor goes abroad to leisurely squander, as a gentleman can, some of the accumulations of his earlier life. The *Underwriter* was a good paper, and no doubt will keep in the middle of the road. Eastern papers that are not accustomed to spill red ink whenever a man steps from the ranks, whether beckoned by the grisly finger of death, the insistant creditor or ripe years and well-filled bank books, speak highly of the personality of Bombaugh, and Sam Davis, who fires no blank cartridges, says that he was a good fellow, and expresses the hope that he will return to the work of regenerating wrong-going insurance men. This is a big country, and we have never met the doctor. But if he remains abroad we may have that pleasure when thirty years hence, we cash in and take the vacation, to which a useful and money-making life shall we trust, richly entitle us.—*The Adjuster.*

***

A CORDIAL welcome has been given to Mr. James H. McClellan by our contemporaries without exception, on his assuming the editorial control of the *Baltimore Underwriter*, of which for many years he has been publisher and business manager. Dr. Bombaugh is an exceptionally polished and scholarly writer and an accomplished gentleman, and sincere regret is felt at his retirement. Mr. McClellan, however, is in every way a worthy successor—able, tactful, eminently shrewd and level-headed as a man of affairs, a forceful writer and of a charming personality. May all good fortune attend him.—*The Insurance Advocate.*

***

WE wish to add our voice to the chorus of regret that has followed the anouncement of the retirement of the veteran Dr. Bombaugh from the editorial chair of the *Baltimore Underwriter*. We trust that he finds that enjoyment of ease which he seeks, and that his unworried peacefulness may be greatly prolonged.—*The Surveyor.*

***

THE current issue of the *Baltimore Underwriter* announce the retirement of Dr. C. C. Bombaugh as editor of that paper, and states that its management will hereafter be in the hands of J. H. McClellan. Dr. Bombaugh is a veteran insurance journalist, having been editor of the *Baltimore Underwriter* since 1865. The president of the Standard Publishing Company was for some years associated with Dr. Bombaugh in the management of the *Baltimore Underwriter*, and can testify to his ability as a writer and his amiable social qualities. Dr. Bombaugh has made his mark not only as an editor, but as an author, and notwithstanding his retirement we have no doubt that his vigorous pen will still be heard from as occasion may require. Mr. McClellan has been business manager of the *Baltimore Underwriter* for many years, and is well qualified to promote its interests.—*The Standard.*

THE retirement of Dr. C. C. Bombaugh as editor and publisher of the *Baltimore Underwriter*, after thirty-three years of efficient and honorable service, is thus noticed by the *Insurance Press*: "Dr. Bombaugh's retirement from active editorial work is a distinct loss to insurance journalism. We hope our old friend will enjoy the 'leave of absence' he has voted himself. It is not to be presumed, however, that the doctor, while 'abroad in the land,' will forget insurance or insurance journalism. Nor will insurance or insurance journalism ever forget the talented writer and true gentleman who has 'served with honor' in the cause of good underwriting and good journalism for thirty-three years." James H. McClellan becomes the publisher of the paper, and will continue it in the interest of sound insurance. Mr. McClellan, who is widely known, has been the business manager of the paper for years, and is very certain to do right well.—*The Insurance Post.*

***

ANNOUNCEMENT was made by the *Baltimore Underwriter*, in its issue of last week, that Dr. Chas. C. Bombaugh, the able and widely respected editor of that journal, "has withdrawn from active service in the editorial chair to take an unlimited vacation." Dr. Bombaugh's retirement is an event of importance, both to insurance journalism and the insurance profession at large. As "the founder and for thirty-three years editor" of one of the most respected journals of the business, he has rendered conspicuous service in a consistent upholding of high standards of business conduct on the part of both companies and journals. The announcement in question seems to be generally accepted as a probable final retirement of the doctor from active connection with his journal, but it may be, indeed, that after a time his graceful and forceful pen will be again at work in its columns. But, however this may be, there will be a cordial assent to the words of the new publisher that "the readers whom the master-spirit has so long attracted to the editorial columns of the *Underwriter* will no doubt unite in extending their best wishes to him for health and contentment in his prolonged absence." Dr. Bombaugh may rest upon his laurels, confident that his long and honorable career in the cause of honest underwriting is warmly appreciated in insurance circles all over the United States. Mr. James H. McClellan, who has been associated with the doctor for twenty years or more, has succeeded to the position of publisher of the paper, and will have the good wishes of a large acquaintance in the responsible duties which he has assumed.—*The United States Review.*

***

AN interesting event in the profession of journalism is the retirement of Dr. C. C. Bombaugh from the editorial direction of the *Baltimore Underwriter*. It means much if we are to lose him and his work altogether. His graceful and classical pen, his direct and forcible style, abounding in wit and sarcasm, have made the *Baltimore Underwriter* a pleasure and a source of instruction to its numerous readers. We have often been sorry that so genial a man, so full, apparently, of the milk of human kindness—a man whose mind has been broadened by wide cultivation—should have become angry at *The Record* and its late editor and nursed and petted his anger to keep it alive. In a drawer in an old desk in this office we recently found two or three bunches of letters written by Dr. C. C. Bombaugh, and a casual glance at them revealed so much that was affectionate and hearty and wholesome in the lives of two men that we could not help recalling the beautiful lines in Kipling's "Recessional" as to a necessary presence "lest we forget." We shall not send these letters to the stove or to Baltimore. Let us, however, at this time commend the earnest and faithful work of one of the most able and valued men who have adorned the ranks of insurance journalism and wish him peace, health and long life.—*Insurance Record, New York.*

***

THE announcement of the retirement of Dr. Chas. C. Bombaugh from editorial charge of the *Baltimore Underwriter* is received with keen regret by a host of friends engaged in the several branches of insurance work as well as by his allies and opponents in the business of insurance journalism. Dr. Bombaugh has edited the *Underwriter* for more than three decades, keeping well abreast of the times, and writing always entertainingly while defending his position, when assailed, with vigorous enthusiasm. In addition to editorial work, Dr. Bombaugh has lectured a good deal. He is a member of the Medical and Chirurgical Faculty of Maryland; has been vice-president or the American Academy of Medicine; secretary of the Baltimore Academy of Medicine; is a member of the Harvard Club of Maryland, the University Club, the Loyal Legion, and other educational and social bodies. We hope the hint given to the effect that he will still be an occasional contributor will prove to be a fact. . . . Mr. James H. McClellan, who has been closely associated with Dr. Bombaugh for more than twenty years, will continue the publication and will easily maintain the high standard of excellence it has attained and which is due in no small degree to his services.—*The Guardian.*

***

THE *Baltimore Underwriter* announces the retirement of Dr. Bombaugh, who has been its editor and publisher for more than thirty years. Our contemporary is to be published hereafter by James H. McClellan, who has been the business manager for two-thirds of that period. We are not in possession of the reasons which have compelled Dr. Bombaugh to retire from the ranks of insurance journalism, but we can well conceive that a desire for more congenial pursuits, and a fortune which enables him to follow them, have operated to deprive insurance journalism of one of its brightest ornaments.—*The Weekly Underwriter.*

WITH the commencement of the sixtieth volume of the *Baltimore Underwriter*, for July 5, the publisher, James H. McClellan announces the retirement from the editorial chair of Dr. Charles C. Bombaugh, the founder and for thirty years the editor of that journal. In common with the entire journalistic fraternity, we regret the retirement, whether for a time or permanently, of such an accomplished scholar, able and judicious editor, and always courteous gentleman, from the ranks in which he has been a leader for a generation and in which he has been an example of high-minded integrity. With our regrets we mingle satisfaction in that Dr. Bombaugh is in a position to take a well earned rest, and that the *Underwriter* will continue to be conducted by Mr. McClellan, so long associated with the doctor.—*The Argus.*

***

OFFICIAL announcement is made that Dr. C. C. Bombaugh has withdrawn from active service in the editorial chair of the *Baltimore Underwriter* to take an unlimited vacation, and that the paper will hereafter be conducted by the publisher, James H. McClellan. Our best wishes are herewith extended to both of these gentlemen. We have no doubt the future of this journal will be as honorable and as able as the past.—*The Medical Examiner.*

***

AND now comes the announcement that our old friend Dr. C. C. Bombaugh, who for so many years has edited with pronounced ability the *Baltimore Underwriter*, is to retire. The paper will hereafter be in the hands of Mr. Jas. H. McClellan, who is known as one of the most successful business managers connected with the insurance press. Dr. Bombaugh has always occupied an enviable position in insurance journalism in the United States, and it is with sincere regret we learn of his decision to leave the profession, which he so greatly adorned, both by his writings and his genial social qualities. We feel certain, however, that the paper will not suffer either in strength or influence in the hands of his accomplished successor, Mr. James H. McClellan.—*Insurance Report.*

***

DR. CHARLES C. BOMBAUGH, the venerable and learned editor of the *Baltimore Underwriter*, has relinquished the editorial chair of that journal, which he has so ably filled since July, 1865. Dr. Bombaugh is the author of several works, a member of the Medical and Chirurgical Faculty of Maryland, has been vice-president of the American Academy of Medicine, secretary of the Baltimore Academy of Medicine, is a member of the Harvard Club of Maryland, the University Club and the Loyal Legion. He is ably succeeded by James H. McClellan, who has been associated with Dr. Bombaugh for over twenty years.—*Accident Assurance.*

***

THE announced retirement of Dr. C. C. Bombaugh from the editorial control of the *Baltimore Underwriter*, which was made in the issue of that journal of July 5th, is notable because he is one of the most notable men connected with insurance journalism in its entire history. We believe he was originally actively engaged in daily newspaper making, and resigned the position of city editor of the Baltimore *American* to found the *Baltimore Underwriter* which he did in 1865. We have been acquainted with Dr. Bombaugh and his work since 1874. He has earned by the style and force and extent of his labor all the enjoyment his artistic taste and cultivated intellect can desire. And may such enjoyment be his only burden for many a day.

Mr. J. H. McClellan, for many years the publisher of the *Underwriter*, and associated in the literary department with Dr. Bombaugh is now, as it very naturally should be, chief in command. We greet Mr. McClellan most heartily on his assumption of all the responsibilities of the tripod, and wish he may reign as long and successfully as his predecessor.—*The Vigilant.*

***

DR. BOMBAUGH'S retirement from active editorial work is a distinct loss to insurance journalism. We hope our old friend will enjoy the "leave of absence" he has voted him self. It is not to be presumed, however, that the Doctor, "while abroad in the land," will forget insurance or insurance journalism. Nor will insurance or insurance journalism ever forget the talented writer and true gentleman who has "served with honor," in the cause of good underwriting and good journalism for thirty-three years. Doctor, our salutations. The following is in another place in the same journal: "we are not in possession of the reasons which have compelled Dr. Bombaugh to retire from the ranks of insurance journalism," says the *Weekly Underwriter*, "but we can well conceive that a desire for more congenial pursuits and a fortune which enables him to follow them, have operated to deprive insurance journalism of one of its brightest ornaments."—*The Insurance Press.*

***

DR. CHAS. C. BOMBAUGH, the revered and distinguished editor of the *Baltimore Underwriter*, has well earned his permanent vacation. The ability he has displayed in serving and promoting insurance interests, and the lustre he has shed on insurance journalism since his identification with that journal in 1855, cannot erase his name from its beehive. Fortunately, too, Mr. Jas. H. McClellan, who has been associated with the doctor for more than twenty years, and who has ever been in touch with his efforts, has assumed control of the *Underwriter*. He is well equipped to assume the burden of responsibility.—*Views.*

THE *Baltimore Underwriter* announces in its current issue that Dr. Charles C. Bombaugh, the venerable and able editor, has decided to take a permanent vacation. Dr. Bombaugh has served insurance interests as editor of the *Baltimore Underwriter* since July, 1865, and his work has ever been stamped by learning and ability. He is an author of several works, a member of the Medical and Chirurgical Faculty of Maryland, has been vice-president of the American Academy of Medicine, secretary of the Baltimore Academy of Medicine, is a member of the Harvard Club of Maryland, the University Club and the Loyal Legion.

It is to be hoped that Dr. Bombaugh will be heard from time to time despite the fact that he has decided to lighten the burden of responsibility which has rested on his shoulders for so many years.

He is ably succeeded by James H. McClellan, who has been associated with Dr. Bombaugh for more than twenty years.—*The Chronicle.*

***

THE last issue of the able and interesting *Baltimore Underwriter* contains the anouncement of the retiring from active work in the editorial chair of Dr. Bombaugh. The first paragraph of the announcement reads as follows:

"The founder, and for thirty-three years editor, of this journal has withdrawn from active service in the editorial chair, to take an unlimited vacation, leaving to the undersigned the responsibility for the course and character of the paper during an indefinite absence."

Mr. James H. McClellan signs this announcement as publisher. Mr. McClellan has been more than twenty years with Editor Bombaugh. He is undoubtedly well qualified to carry on the paper on the same lines laid down by the venerable editor of the *Baltimore Underwriter*, as he is an able writer and good manager.—*Insurance Journal, New York.*

***

THE announcement is made in the last number of the *Baltimore Underwriter* that Dr. Bombaugh, the founder and for thirty-three years the editor of that journal, has retired from active service, Mr. James H. McClellan, long connected with Dr. Bombaugh, becoming the publisher. We regret to hear of this loss to insurance journalism. Dr. Bombaugh's vigorous pen will be missed. He takes with him into his retirement the best wishes of every man on the press, none more sincere than those of the publisher of this journal. Of Mr. McClellan we need say but little; he will remain with us and we can still show our attachment for him by rowing with him occasionally in good Anglo-Saxon style. Here's looking toward you, J. H. —*Insurance Radiator.*

***

MY old and esteemed friend and fellow-laborer in the vineyard, Dr. Charles C. Bombaugh, has, as announced in the current issue of the *Baltimore Underwriter*, retired from active service as the editor of that estimable journal, and will be succeeded by Mr. James H. McClellan, who has been associated with the Doctor in the conduct of the paper for more than twenty years. For about thirty-three years Dr. Bombaugh has edited the journal, which will always be inseparably connected with his name, and he has always been looked upon as one of the most learned insurance editors in the United States. He has written a good deal besides his work on the *Underwriter*, and lectured a good deal, as well. He is a member of the Medical and Chirurgieal Faculty of Maryland, has been vice-president of the American Academy of Medicine, secretary of the Baltimore Academy of Medicine, is a member of the Harvard Club of Maryland, the University Club, the Loyal Legion, and other educational and social bodies. Every person connected with insurance journalism will miss Dr. Bombaugh. And may joy, peace, comfort and restfulness go with him in his retirement. To his successor my best wishes and hopes that he will emulate the doctor in all things. Mr. McClellan is a very capable young man, and the mantle of Dr. Bombaugh has fallen upon worthy shoulders.—*Matthew Marvel, in Insurance Report.*

FOR all the kind words so gracefully given to Dr. Bombaugh, as well as for the welcome to ourself, we return our grateful acknowledgments, and in this connection it is proper to add that we shall ever treasure the hearty encouragement extended to us in the letters received from officers and agents of the insurance companies throughout the country. J. H. McC.

AN employer who took an injured employee to a hospital and agreed to pay for his treatment is held, in St. Barnabas Hospital *v.* Minneapolis Internat. Elec. Co., (Minn.) 40 L. R. A. 388, to have had no right to cancel his engagement for the care of the servant until the latter could be removed without serious danger to life or health.

SCREWING down the windows of a factory so that the fire escapes can be reached only by breaking the windows, and forbidding them to be opened, is held, in Huda *v.* American Glucose Co. (N. Y.), 40 L. R. A. 411, to create no liability on the part of the employer to the workmen under a statute requiring fire escapes to be furnished, where the business requires the windows to be kept closed, and they are so light as to be easily broken if there is not time to unscrew them in case of fire.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. MCCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, SEPTEMBER 20, 1898.

THE NATIONAL CONVENTION OF INSURANCE COMMISSIONERS.

MR. BEDDALL ON THE FOREIGN FIRE INSURANCE COMPANY AND ITS BUSINESS METHODS.

One of the most interesting and instructive papers in the history of fire insurance was that read at the National Convention of Insurance Commissioners, by Mr. E. F. Beddall, on "The Foreign Fire Insurance Company and its Business Methods." It was not within the scope of the author's purpose to write the history of fire insurance, but to present the more important laws and rules and regulations of different European nations as well as of the United States in their effects on the business of insurance and upon the methods of fire insurance companies. This has been most admirably done. The *modus vivendi* of fire insurance companies, in Austria-Hungary, Bulgaria and Roumania, Servia, Russia, Norway, Sweden, Denmark, the Netherlands, Germany, France, Belgium, Switzerland, Italy, Spain, Portugal, Great Britain, and the United States, is plainly and explicitly set forth, explained and examined. It is not possible within our space to do more than briefly examine Mr. Beddall's able "commentary" upon the operation of law and regulation upon the company, its methods and its business.

The strain of humor and irony which enlivens this paper, serves also to point its moral and enforce its arguments. "In Holland," he says, "there appears to exist a practice in securing business which obtains in no other country, under which officers, managers and brokers meet on the Bourse at certain hours of the day for the purpose of receiving and accepting applications for insurance. I commend this plan to the careful consideration of the New York brokers and would supplement it by the suggestion that in fitting up their exchange they provide a rostrum and an auctioneer, that each risk be submitted to competition, and reversing the practice commonly governing such transactions, knock it down to the *lowest* bidder. Such a public allotment of the business would doubtless relieve both broker and manager from those qualms of conscience and the physical exhaustion consequent upon the effort which has to be made to deceive their competitors when solemnly testifying as to the rate charged and the commission paid. If Ananias had adopted this method of disposing of his property he might have been alive to-day; had he been in the insurance business he would surely have died sooner."

After that neat rap to the brokers, Mr. Beddall calls attention to the responsibility which obtains under the Napoleon Code for damage done to neighboring property by fire. "Under these laws a citizen is liable for any loss which might be caused directly or indirectly by him, upon the theory that a man should be responsible for the conse-

quences of his own negligence or neglect, which, besides being the law, would seem to be good, sound common sense also." But not from a common law standpoint, where responsibility for negligence or neglect must be of an official character before legal consequences will attach.

There is a thought pervading the "commentary" that the true interest of the insured is intertwined with the real interest of the insurer and that both are served best when harmony exists between the company and its clients; that building laws and water supply, co-insurance and standard policy, in fact, everything which reduces the loss, reduces the premium and reacts for the benefit of the property owner. And yet Mr. Beddall finds that:

"In no other country in the world have the powers of the underwriter been so hampered by legislation as in the United States, every discontented policyholder looking to the legislature, for the redress of his grievances, imaginary or real. A man in Virginia suffering from defective vision succeeded in getting the enactment of a law compelling the insurance companies to print the conditions of their policies in a bolder and more legible type, failing to observe which the conditions were rendered null and void. In many of the States there exist valued policy laws which provide that the sum insured shall be regarded as proof of the value of the property described in and covered by the policy, regardless of what its actual value may be. Another State requires that not only the conditions of the policy, but the headings and all the printed matter shall be printed by all companies in the same type, and that the size of the policy shall be uniform. This policy form, while valid in the State demanding it, is illegal if issued in a neighboring State. Many of the States now have what are called resident agents' laws, under which the company is made subject to certain pains and penalties for writing a risk in such State, except through an agent resident in the State. Indeed it requires of the underwriter the proverbial astuteness of a Philadelphia lawyer to determine what he can and cannot do under the conflicting laws of the various States as they exist to-day."

In contrast with the superabundant and conflicting legislation in the United States, Mr. Beddall shows that "there are no laws governing the insurance contract in Great Britain, each company being free to make such contracts with the property owner as he may be willing to accept, and that contract, whatever its provisions may be, will be sustained by the courts." Neither is there anything in the laws of Great Britain "to prevent a company which has been legally organized from taking an office, putting out a sign, and writing all policies which property owners will pay for, whether its capital be a hundred dollars or a mlllion," and that the people of that country, as well as of this, "are perfectly able to take care of themselves if left to their own devices, and that no law is necessary to protect them against their own foolishness." To all of which, we readily assent, but unfortunately the people in this country, who make the laws, don't agree with that view of their ability to do without paternalism when dealing with corporations.

In Great Britain where freedom from paternal legislation exists, "the result proves that there are fewer irresponsible companies and a smaller opportunity of imposing upon the ignorance of the people than here, where the most elaborate laws exist for their protection." But in this connection it must not be forgotten that this country covers a continent, and is not like Great Britain, where every part is in instant connection with the capital or with the locality where the company may hang out its sign. The "wildcat" prowls away from his lair, and unless the traps are set in the paths which he frequents in distant States he will certainly grow fat upon the "foolishness" of the people. The "wildcat" is unlike a "fraudulent merchant," in that the latter is at home with his customer, while this insurance feline keeps away from its home, and when run down by the insurance press, it skips to other localities, swaps away its name and starts fresh and sleek for more preying upon the "foolishness" of the people.

And now we come to another bit of stinging sarcasm:

"The insurance commissioner for the State of Kansas sympathizing, as doubtless he does, with the troubles of the insurance companies and the harassing character of their business, has apparently determined to see that the salaries paid to their officers are made proportionate to the anxieties and difficulties to which they are subjected, and in order to carry out the philanthropic idea has called upon each one of them to give a list of the salaries which they pay. While prompted by the highest and purest motives, so far as I know, no good result has yet come from the movement—at least none has come to me. Indeed it would seem that the officers of many of our companies had failed to appreciate the efforts made in their behalf and had resented the interference by withdrawing from the State."

Very neatly said. But we cannot, as we would like, make further extracts from this admirable paper. That it will be carefully read by the insurance profession goes without saying, and we wish it could be brought to the attention of legislators, both State and National, for its suggestions are all conducive to better legislation, and explanatory of the business methods of sound underwriting, whether by home or foreign companies.

PRESIDENT SEWARD ON THE STATE AND CASUALTY INSURANCE.

"The State and Casualty Insurance" is the title of a paper prepared by invitation and read before the Convention of Insurance Commissioners, at Milwaukee, by Mr. George F. Seward, President of the Fidelity and Casualty Company.

After drawing a distinction between dealing in merchandise and dealing in insurance, President Seward proceeds to emphasize that distinction as a reason for State supervision of insurance as follows:

"What the individual cannot do for himself the State ought to do. It should report upon the financial condition of companies and should know that their methods conform to sound rules. The State has no other duty, and whenever it goes further it is interfering without need and vexatiously in the private affairs of the people."

What one State may do as a "duty" to its people, every other State may rightfully do for its people, and thus President Seward involves the needless and vexatious interferference of forty-four other States. That is State supervision *reductio ad absurdum*. But if there is any "duty" of reporting the financial condition and methods of insurance companies, forty-four times that "duty" is over much of supervision. "A right manager" will hardly welcome forty-five certifications without experiencing that tired feeling which suggests the exclamation of "give us a rest."

But dropping the single State, President Seward encounters the whole Union. "The States unfortunately do not confine their legislation and scrutiny to questions of solvency with incidental inquiries as to methods." Why should they, since Mr. Seward holds that it is every State's "duty" to know the financial condition of every company, as well as to see that each company conforms to sound rules. That "duty" so multifariously exercised under Mr. Seward's rules necessarily carries with it such legislation and scrutiny as will "load the companies with expenses and restrict their operations."

If President Seward recognizes it to be a "duty" on the part of the States to watch and guard their people in the matter of financial conditions and methods, he ought not to be "at a loss to see merit" in the natural consequences of the system he advocates. Taxation is the unavoidable out-

come of State supervision. The States might and ought to, but they will not support, by the taxation of their citizens, the Bureaus of Supervision; neither will the States abandon the taxation of premiums so long as their right to tax exists. The tax may be wasteful, a class tax, an illogical tax, and a tax upon prudence, but those who cry over State taxation are like "Rachel, weeping for her children, and would not be comforted, because they are not." "Discrimination" results from the facility with which taxation can be collected from the sound companies and cannot be squeezed out of the "mutual, fraternal and co-operative." There is really something plaintive in these words: "My stockholders put up as capital the sum of $250,000. It is not much. They draw in dividends $50,000 against a premium income of $3,500,000. The States and the general government take from us about $60,000 for taxes." That is indeed hard lines, and we would think that such experience would have mitigated somewhat Mr. Seward's view of State supervision.

But President Seward uses ten pages of his twenty-three on general lines of insurance before he touches his specialty; and there is an innuendo at least, which we would rather have seen omitted, in the following: "The life manager who undertakes accident insurance or any other line, parades his large accumulations in order to gain credit for his side venture. His side venture may be undertaken because it affords chances for individual profit-making not open in the life department. What could be easier, for instance, than to distribute expenses so as to load the life side unduly and leave greater latitude for the payment of salaries and dividends in connection with the outside lines?"

The possibility of such fraudulent management may exist, but has President Seward any evidence that such practice has been resorted to by any life company doing accident business? If he has, he ought to have been more explicit; if he has not, he ought to have avoided the innuendo.

It is with pleasure that we learn that the Fidelity and Casualty "transacts twenty different lines of insurance, and that its insurance liabilities exceed $600,000,000, yet nobody questions our solvency nor the prospect of our remaining solvent."

No man can sustain State supervision with consistency, and President Seward is no exception. He is "not averse to a deposit in the State of the company of all or any part of the company's capital. . . . But I do strenuously object to the requirement of a deposit in any other State than the home State." But it is as much the "duty" of the other States as of the home State to protect their people, and if a deposit with the home State is unobjectionable, why not carry the good thing to its legitimate conclusion and do the same thing in every other State? Each State has equal duty and rights and powers in the matter of protecting its people as that people may deem best; and when once the right of requiring deposit is admitted, there is no limitation —each State or none should have the deposit.

But the whole system of deposit, whether in the home State or any other, is wrong—the Federal government should be the depositary of all funds and hold them for the benefit and protection of all the policyholders. To that we must come or submit to what the States may do.

Barring the few defects we have pointed out, President Seward's paper has many points and arguments which will commend it to the attention of those who are looking and hoping for relief from State supervision and to the action of Congress in nationalizing a business which in its many branches attaches itself to every trade and to all property throughout the broad domain of the United States.

COL. GREENE ON DIVIDENDS, SURRENDER VALUES, ET CET., AND PRESIDENT M'CALL'S REVIEW OF LIFE INSURANCE.

Among the papers read at the convention of State Insurance Commissioners of Milwaukee none will elicit more attention in the life insurance profession than that of Col. Jacob L. Greene, of the Connecticut Mutual, and that of President John A. McCall, of the New York Life. Notwithstanding both of these gentlemen are officers of purely mutual life insurance companies, their views are expressed along lines by no means parallel, but divergent to the extreme.

Col. Greene follows the theory of mutuality in all its features to its extremest points; without variableness or shadow of turning he holds to that theory in its application to "Dividends, Surrender Values, *et cetera*." Mr. McCall, on the other hand, while more historical, recognizes the interference of practical facts and conditions in their modification of the theory of mutuality, and adapts his well digested history of life insurance from 1871 to 1897 to the changes which law, public opinion, and company practice have made necessary.

These two able papers, written without consultation between the officers, are the outcome of principles applied by each officer according to his views of mutual life underwriting. With Col. Greene "fundamental principles" are far more important than "mathematical morality"; "it is not the things handled," but "human efforts to produce, provide and supply them to those needs," that attracts and holds the attention of the president of the Connecticut Mutual Life. On the other hand, President McCall looks squarely and intently at the teachings of practical experience, at the conditions created and imposed by State laws, and at the fact that life insurance companies must, willingly or unwillingly, comply with the provisions of those laws, whatever may be their present effect on mathematical morality or fundamental principles. While neither writer intimates any difference of opinion as to "what is mutuality in life insurance," or "what it proposes to do," the application of its method to its "clientele" is by no means the same as explained in these papers.

The divergence in these papers becomes apparent when discussing "dividends." These, with Col. Greene, are "*annually* to go back to the members of the mutual company," and "a dividend system which accomplishes this is a true one; a dividend system which fails in this is false to the principles of mutuality, and, in a professedly mutual company, becomes an instrument of exploitation of some of the members for the advantage of some others of them, putting the favored ones so far essentially in the relation of stockholders with the privilege of making a profit out of the rest, and so utterly destroying the mutual relation and making it a snare to the unwary."

The scope of President McCall's paper being historical and not theoretical, he indulges in no discussion, but dismisses the subject of dividends with the remark that "the old rivalry between companies as to the amount of the annual dividend—which was always contingent—has given way to a rivalry as to benefits which may be guaranteed in the policy. The system of annual dividends has been superseded, to a very large extent, by long-dividend periods, with the options of continued insurance or cash value at the end of the first dividend period. This change had its origin, as we have seen, as far back as 1869, and it received a new impetus when the 10-year dividend policies began to mature."

Col. Greene cannot tolerate "postponed dividends"—

another term for the "long-dividend period" of President McCall. For the adoption of the new system Col. Greene has assigned several reasons, which he treats as covering up and concealing financial conditions rather than an adherence to the principle of true mutuality.

When such eminent doctors differ as to the proper treatment of the patient, it is not for laymen to decide whether there is any law in mutuality which demands "annual dividends" under the penalty of violating "the very pith and substance of mutuality." But this much a layman may be permitted to add, that so far as the progress and development of life insurance is a witness between annual dividends and postponed dividends, there can be no doubt that the insured have, to "a large majority," accepted the latter. But it must also be said that policyholders in the Connecticut Mutual, who hold policies of like kind in other companies, have been heard to express more satisfaction with the dividend returns of that company than with those of the other companies.

Nor do these eminent officers agree as to "Cash Surrender Values"—at which Col. Greene looks askant and with little favor. Following with most commendable persistency the theory of mutuality, he regards a retiring member as withdrawing from mutuality, and no longer entitled to any of its cash proceeds; with the president of the Connecticut Mutual "the company's first duty is to those to whom it remains under contract obligation—its continuing policyholders." If it were not for the operation of State laws we should regard this position of Col. Greene as unassailable; and as there is no equity requiring repayment to a withdrawing member, so there ought to be no law compelling the company to compromise its future by rewarding a retiring member. But here again the State steps in, and by its laws fixes the amount which the company shall pay to a retiring member, and whatever may be the effect in the distant future of this disturbing action by the State, every company must comply with the law. Hence, President McCall, recognizing the inevitable, stops not to discuss the effects, either present or prospective, but notes that since Massachusetts in 1880 led the way, for good or evil, in compelling the payment of "Cash Surrender Values," "all companies now guarantee Cash Surrender Values." As a matter of insurance logic, and perhaps as a matter of prophetic forecast, we consider Col. Greene's remarks on "Cash Surrender Values" unanswerable; that "there is no defense against them, except the blind hope that they may never operate."

"So long," continues Col. Greene, "as a company is rapidly growing, and the average of its lives is still at a young age, and it has not reached that maturity necessary to complete its exposure to all the vicissitudes of mortuary and business experience, and its credit has escaped attack, the practical danger of these subverting factors will be at a minimum and their operation partly concealed, and *hope may dwell in a fool's paradise.* But the condition of growth is not an eternal one, no matter what energy, and what stimulus, be applied. To every company will come, ought to come, in time the condition when no pressure can make its inflow of new business exceed its outflow, and when its true normal will be a stable equilibrium in amount at risk in assets, income and outgo."

These vaticinations lead naturally to their apparent corroboration in that "period of disaster" so faithfully and fully portrayed by President McCall. Though the reasons and causes which produced that period of disaster are found by President McCall to be in other "subverting factors," a great good has been done in exposing the facts and discussing their causes. President McCall's "Review of Life Insurance," from 1871 to 1897, has been well and faithfully done. He has looked at the history of these twenty-seven years from the standpoint of one totally disinterested, hewing to the line and letting the chips fall as they may. There are certain salient features which his paper ought to fix in the mind of the profession, and in the purposes of those who direct the taxation of life insurance companies. The table of taxation reveals not only the onerous burden, but its inequality and wide distribution. The increase of taxes from $198,000,000 in 1871 to $230,000,000 in 1897, may, and does, measure the increase of the business, but it also measures the "subverting factor" in the disturbance of the operation of the life insurance business, with which the future has to deal with all its inexorable exactness.

The intimate relation which exists between life insurance and what is understood by "business," finds its demonstration in the response which the shrinkage of life insurance made to the collapse of business. President McCall shows that "the assets held by failing life insurance amounted to about one-ninth of the total; the assets of defaulting railroad companies represented over one-quarter of the total; about one-fourth of all the savings banks in New York went out of existence during the six years following 1871, with losses amounting to about four and one-half million dollars," and so on. Thus business troubles operate to the disadvantage of life insurance, and however imperative may be a husband's and father's duty, in the theory of mutuality, as set forth by Col. Greene, there are conditions of business quite as "imperative."

Why did so many life insurance companies fail in the period of nine years immediately preceding the first convention? It is particularly gratifying and encouraging to every friend of life insurance to find that the answer to the above question does not in any way involve either the theory or the method of life insurance, but that the causes of failure can be distinctly traced in administrative dereliction rather than in "subverting factors" of the problem of life insurance.

The great gulf between actual and assumed values of assets; great frauds practiced for years; loans made on insufficient security, with evident profit to favored individuals—in other words, these companies had, to a certain extent, passed into the hands of thieving exploiters, with the inevitable consequences of rascally exploitation. "No company failed because of an excessive death rate, nor (save in a single case—the Universal) because it was impossible to realize a rate of interest equal to that upon which its premiums were cast." It was "bad management," extravagant, wasteful, dishonest"—paying "too much for services rendered"—these were the causes of the dreary and dismal failure.

"The period from 1881 to the present time has been one of uninterrupted progress. There has been but one failure of importance, and the business has steadily grown in public favor." The "increase came under healthful financial conditions, and it came to stay"—always provided the Government can, and does, by its fiscal system sustain "business," upon which life insurance rests rather than upon sentiment or affection to which Col. Greene gives so prominent a place in his system of mutuality.

Commending each of these very able papers to the profession, we extend to their authors our thanks for advance sheets which enabled us to make liberal extracts in this issue of our paper.

MORAL HAZARD IN LIFE INSURANCE.

As "life Insurance has its essential departments of work, the actuarial, the medical, the financial, the management of business matters, and the field," and as all these contribute to the general purpose—the creation, care and settlement of life insurance trusts, so "anything which affects the influence of the responsible officer in charge of any one of these great departments of work or disturbs their mutual co-operation, is moral hazard." Such we may designate as the text of one of the very best papers on life insurance that its literature possesses. Mr. Joseph A. De Boer, the author of the paper on Moral Hazard, was not able to attend the convention, but the paper was presented by Com. Fricke, and advance sheets kindly sent the BALTIMORE UNDERWRITER enable us to present some extracts to our readers.

This moral hazard Mr. De Boer traces through all the functions of a life insurance company as well as through every department of its business. It is the thread upon which he has strung the ideas and opinions of an able man and positive thinker. The thoughts and ideas of the paper are so well expressed that extracts may do a real injustice, and space forbids its reproduction in whole. Nevertheless, elsewhere we have ventured to make selections, at the same time not entirely satisfied with what we have made. At some future time it will be our pleasure to further examine this paper and to discuss, but not take issue, with its author on some of the phases of moral hazard.

THE *Insurance Journal* differs from Colonel Mullikin of the Merchants in the matter of keeping the American flag wherever it has been put up, adding that "that has not been the practice of the United States government in former years." Never in the history of the United States has its flag been hauled down from over territory which it has conquered! Once in Hawaii, when improperly raised, it was lowered, but the indignation of the people was even then so pronounced that now it floats permanently over all that Archipelago.

THE BALTIMORE UNDERWRITER in its thirty odd years of intimate relation with underwriters both of this country and foreign countries, has acquired some knowledge of the capacity and ability of the members of that profession, and learned also that a more exalted patriotism does not exist among any other profession. Hence, we invited members of that profession to use our columns to advise the proper authorities in the anomalous position which successful war has put upon the country. That some of the letters should be more "non-committal" than others is not surprising, since the President and his cabinet are to-day as "non-committal" on the Philippine situation as any of the writers to the BALTIMORE UNDERWRITER. Nevertheless, we have reason to know that the letters we have published are appreciated highly in quarters where their expression of opinion was desired.

THE *Insurance Record* (London) has our thanks for the compliment of reproducing the article on "International Life Insurance" from the BALTIMORE UNDERWRITER of August 5. But as our contemporary thought proper to alter, in every instance, our expression *in*surance, and quote us as using *as*surance, we would like to know our contemporary's reason. What distinction or difference does our contemporary draw between *in*surance and *as*surance?

LOCAL MATTERS.

THE fact that a number of insurance companies are doing business illegally in this State has caused Insurance Commissioner Kurtz to send the following letter to all of the sheriffs of the different counties of Maryland as follows:

"Complaint is being made to this department that unlicensed insurance companies are doing business in this State and thereby depriving the State of revenue which it should receive and obtaining profits of business which should go to companies that comply with the insurance laws. There is ample provision in the insurance laws of this State for the punishment of unlicensed agents and of unlicensed companies if they can be detected. The law makes no special provision for the detection of those who violate it.

"At the instance of insurance men who readily comply with all the requirements of the law, I write to request that you, as a matter of justice to the State and the men who do a legitimate insurance business therein, make a special effort to detect all persons who violate the insurance laws of this State.

"To this end I enclose herewith an abstract of the insurance laws, also a classified list of all insurance companies licensed in the State of Maryland to date."

THE opinion of McSherry, C. J., of the Court of Appeals' case of Hettchen *v.* Chipman & Son, will be found of interest and instructive to liability companies in defining what constitutes negligence on the part of employers. Actionable negligence is held to be a breach of duty that is owed to another, and, in the absence of that duty, no action can be sustained, even though an injury has happened. Hence, the first enquiry is, What duty did the employer owe to the employee? That duty depends on the circumstances surrounding the case; it is relative and conditional, and not unvarying and absolute; the age of the employee and the obvious and visible character of the peril of the employment enter into the consideration. The age is an element because it may furnish the basis of an inference that he lacked the capacity or judgment to comprehend the situation in which he was placed by the master. But the age ceases to be an element when uncontroverted evidence shows that the employee, however young, thoroughly understood and knew the perils of the employment. That knowledge relieves the employer from responsibility for accident, and there being no duty there can be no breach of duty. In the case at bar the evidence showed conclusively that the boy, while only fourteen years of age, understood the perils incident to a circular saw, and that being the case, the court held that injury resulting from fooling with the business end of a buzz-saw gave no action against the employer.

A PETITION has been filed in Circuit Court No. 2 of this city by W. C. and Trueman Skinner, sons of Trueman Skinner, deceased, against the Western National Bank of Baltimore. The petition sets forth that the petitioners' father insured his life for their benefit in the Mutual Life Insurance Company of New York, for $10,000, and that upon his death $9902.20 of that sum was paid by the insurance company to Isabella Skinner, mother and guardian of the petitioners; that their guardian deposited that sum of money with the Western National Bank to her personal account and not to her account as guardian; that it was known to the bank that that money was trust money, but notwithstanding the bank permitted the mixing of this trust fund with the private funds of Isabella Skinner, and subsequently permitted Isabella Skinner to draw said trust money out of bank and apply it to purposes not in the interest of the petitioners. That on May 1, 1883, the bank unlawfully permitted Isabella Skinner to draw from the bank $7500 of the petitioners' trust funds, and on November 19, 1883, to draw from the bank $10,318.85, which sum was made up of the balance of the petitioners' trust fund and other money of Isabella Skinner; that the bank was cognizant of the fact that Isabella Skinner was a member of the firm of Skinner & Co., carrying on the wholesale whiskey business in this city, and that it was known to the bank that the proceeds of the $7500 check went into the business of Skinner & Co., and that it was also known to the bank that the check for $10,318.85, which contained the balance of the trust fund of the petitioners, was used to pay a debt due from Trueman Skinner, their father, to Thomas H. Gaither; that the firm of Skinner & Co. made an assignment in 1896, and that the petitioners have received only $2392.96 of the $10,000 provided by their father's life insurance. The contention of the petitioners will be that the bank had knowledge of the trust character of the fund and has contributed to its dissipation and to the loss of the petitioners, and is therefore responsible for the sum of $9902.20 with interest thereon from March 1883, a total sum of about $16,000.

CORRESPONDENCE.

THE RECENT MEETING OF THE NATIONAL LIFE UNDERWRITERS' ASSOCIATION.

Editor of the BALTIMORE UNDERWRITER:

The Standard—supposed to be the organ of the National Association of Life Underwriters and of the association movement—has in its issue of Sept. 3d, in a remarkable set of brief editorials, some very interesting reading regarding the decline of the association movement and hence incidentally of the National Association.

The loss in membership in the local associations is pronounced and is probably somewhat in ratio with the loss in interest in the National Association.

The cause for both of these losses is announced by *The Standara* to be that many joined the local associations for purposes of personal ambition or to advance impossible and impracticable schemes and were thereby also absorbed into the National Association. In consequence, the editor says, a contest arose in the National Association continuing several years but which resulted in the defeat of its promoters who then became malcontents. These malcontents, the editor further says, have now lost their interest and the present membership, weeded of these malcontents, represents the real workers, the earnest men and from now the National Association will grow in both membership and influence. If what *The Standard* says is true there is an unwritten history of the association movement and also of the National Association which would be interesting reading. There must be much of which I, a regular reader of *The Standard*, have no knowledge and from which its columns have been kept free. Let us have that history Mr. Editor. Let the story of that contest of several years be told. Who were the heroes? Who the vanquished? What the lost cause? Open the windows and let in the light. There is evidently a history of events to which the life insurance world is entitled and of which as a whole it knows nothing and which *The Standard* evidently does not care to publish; else it would have given facts and names in the articles referred to. Who, Mr. Editor, are these bold, bad, designing men now aggregated under the head of malcontents? Who the persons whose interest has ceased? A glance at the membership of the convention at Minneapolis shows a surprisingly large list of absentees among those whose faces had become familiar at former conventions.

There were absent, Holden, Phelps, Dyer and Plympton of Boston, Johnson of Springfield, Raymond and Blodgett of New York, Ashbrook and Lippincott of Philadelphia, Biggert of Pittsburg, Kendall of Cleveland, Ford and Iredell of Cincinnati, Shideler of Indianapolis, Stearns, Wyman and Janney of Chicago, and others. Many of these were engaged in the founding of the National Association at Boston in 1890 and have been interested in its existence ever since.

Are these men or any of them in *The Standard's* list of malcontents? Carpenter, Calef, Haskell and Williams are dead, to the regret of all who knew them. Does *The Standard* mean to say that the National Association, with the local associations weakened in members, is stronger and capable of more good than when guided by the hands of those named above including both the living and the dead? If not what did its editor try to say?

The editorials mentioned are very suggestive. There is a very large colored gentleman in the woodpile or the editor was writing, as the street would say, through his hat. Let's have the historical facts, contest, malcontents and all. And when that interesting history has been published, perhaps somebody can give other and good and sufficient reasons why the association movement has so declined in strength and influence, and why there is so much less interest in the National Association—reasons which are plainly visible to all except those who will not see. DIXIE.

[The attention of our Boston contemporary, *The Standard*, is called to the letter of our correspondent "Dixie," with the request that *The Standard* will give replies to the questions therein asked. Those questions are predicated on the statement of the editorial in *The Standard* of Sept. 3, as to the decline in membership, as well as to the reasons assigned by *The Standard* for that decline. It may be that the power of an association is not to be measured by the number of its members, but a rapid decline in membership cannot possibly augment the power, still less the influence, of the Association. Now there has been a very great decline in memberhip and our contemporary strongly intimates that the *loss* of some members has been the Association's *gain*. If so, our correspondent "Dixie," and ourselves, are not the only pebbles on that beach—there are many others—who would like *The Standard* to say who were the members "guided by personal ambition," and those "filled with impossible and impracticable schemes," who left the Association for the Association's good.

The real workers may now be in control, but that does not alter the fact that many life underwriters have abandoned the Association, and our contemporary, who has piloted the Association through all its storms and kept the "Log," can best explain the desertions from the ship. Is it another case of a sinking ship? Let all the facts, come out—your editorials have awakened curiosity which will not be satisfied with less than all the facts.—EDITOR.]

LETTER FROM NEW YORK.

NEW YORK'S ONE TOPIC—THE "COMPACT."

Paucity of business, reduction of office expenses leading to dismissal of clerks, non-settlement of accounts by agents and brokers, general disgust and alarm at the whole situation, hope alternating with despair, as to results of Mr. Irvin's meeting, daily suggestions as to what should be done, and especially the Continental's suggestions as to new compact, and you have in a few words all that can be told of the New York situation. Few changes are being made, most of the companies are keeping up the general outside business very fairly, and some of them are doing very well with this branch of the business. But it is difficult to exaggerate the bad effects of the situation on the average agent and broker.

The "Proposed Form of Local Board Compact," issued in pamphlet form by the Continental, is worth more than passing notice.

The compiler begins by stating his claim to be heard; he was a member of the Grievance Committee of the last New York compact, and was chairman of Committee of Conference with brokers. He does not name his best claim which his experience gained in the management of one of the largest American companies.

He then names the following as indispensable provisions for tariff agreement:

I. Protection of local agents throughout the country by limiting New York brokerage on outside risks and enforcing local board rates.

II. Members of the association shall have preference in exchange of business and reinsurance.

III. Limitation of credits for premiums.

IV. Provision for committee to try charges and interpret rules.

V. Rates not to be excessive, to be made by disinterested parties where specific, rebates and short rates to be regulated, and "term" rates to be made by addition of 75 per cent of yearly rate for each additional year.

VI. Branch offices and solicitors to be restricted and provisions to be made for commissions, rebates for improvments, co-operation of brokers, penalties, protection against outside competition, and territory to be covered.

Keeping these "provisions" in mind the compiler goes on to formulate rules for a compact; in brief as follows:

1. In whatever language the rules are expressed attempts at evasion will be made, so that the first necessity is

2. *An arbitration or grievance committee* of two members each from local agency and foreign companies, the oldest member to be chairman, one member of each division retiring monthly, and new member taken from alphabetical list; no member to sit in committee where his own company is the defendant, the next on the list taking his place.

Five votes shall be necessary for conviction, and arrangements for appeal in case of expulsion are made.

3. Next details of how *charges* are to be made are given. These can be made in writing over a member's own signature to Grievance Committee, or he can associate with himself one or more other members, who may report to any one member of Grievance Committee, and the names of complainants not being made known, investigation shall follow.

Here follow the *General Rules:*

1. The territory to be covered is defined (Greater New York).

2. No commission or brokerage above 15 per cent to be allowed inside the above territory, nor above 10 per cent on outside business.

3. There shall be absolute non-intercourse with non-members.

4. Reinsurance shall be placed with members of the compact until their facilities are exhausted.

This reinsurance shall be effected through the compact manager in this way. When a company desires reinsurance, it shall before

issuing its policy, notify compact manager and send details. By 11 o'clock next morning the manager shall send printed notice of these details to all other compact companies. By 3 o'clock of the same day any member desiring this reinsurance shall in writing tell the manager how much he will take, who in turn notifies the member proposing reinsurance of how much he can place. The names of those companies sending notice of desire to take this reinsurance shall not be divulged. If the compact manager by 11 next day cannot afford facilities for reinsurance, the noutside companies are available.

5. The tariffs of other local boards shall be strictly lived up to.

6. Premiums shall be paid within thirty-two days of the calendar month in which such policies are issued or policies cancelled.

7. Rates shall be so fixed as to yield a profit of 5 per cent, allowing a 15 per cent and 10 per cent brokerage and commission.

8. Specific ratings shall be made by companies other than those writing the risks.

9. No rebates by dividend in scrip or in any other way shall be made.

10. The short rate tables of the New York Board of Underwriters shall be used.

11. Term policies shall be written on a basis of adding three-fourths of the annual rates for each additional year.

Under each of the above heads reasons for suggestions are given; they are hardly necessary, as the object of each suggestion is fairly seen at once.

Then follow *Penalties:*

1. The accused member shall, upon notice of accusation, deposit a sum equal to the maximum penalty attached to his offense.

2. For offense other than the payment in any way of excess commission the fine shall be from $25 to $100.

3. For payment of excess commission or brokerage, the offender shall, when notified of the charge, deposit $500 before his case is investigated.

If found guilty the fine shall be from $100 to $500 or expulsion from the association.

4. Policies issued at less than tariff rates shall be cancelled and not written by the offender again for twelve months. This in addition to payment of fine.

Branch Offices are then dealt with as follows:

1. The necessity for existence of present branch offices shall be decided by a five-sixths vote of the Grievance Committee.

2. No compensation above 15 per cent shall be paid to branch office, without the consent of five-sixths of members of Grievance Committee. No broker can be made branch manager. No broker's business shall be purchased at more than a 15 per cent commission. No branch manager shall be appointed who, in the opinion of the Grievance Committee, is likely to cause trouble.

The branch manager shall be subject to the same rules as members, who shall be held responsible for violations of rules. He shall not exchange business with other branch managers. And the association shall appoint an auditor of branch managers, to examine books, etc., when directed by Executive Committee. Any branch manager paying excess commission or brokerage, shall, upon conviction, be immediately removed and shall not again be employed in that capacity by any member of the board.

Then the question of *Solicitors* is next taken up; the most important rule being that a solicitor shall belong to one agency, and one company; shall not have dealings of any kind with another company; shall have commission only on that part of an insurance that is placed and carried by his own company, under penalty of fine of from $50 to $100; shall be registered after his appointment has been approved by the Executive Committee and he has paid a fee of $10, and when he has done all this he shall be paid 20 per cent commission, and any company other than his own is forbidden to deal with him.

Brokers are to receive 15 per cent and shall be admitted to do business with members under a plan formulated by a committee appointed specially for that purpose and shall be registered as the solicitors are registered, and they are required to subscribe to an agreement binding them to the rules of the association.

The usual provisions are then made for appointment of committee and compact employes—a Committee on By-Laws and Election of Officers—regulations as to notice of withdrawal from the association—reductions of rates for sprinklers, etc.—a pledge of allegiance by the members—the appointment of a committee to scrutinize signatures to agreement and see that all is in order—and miscellaneous suggestions on matters of detail are given.

This is a good foundation for a "compact." It is stricter in its rules than the last one but in our opinion it is not feasible at present to put it in force.

It would be cumbersome in its workings—in theory good, it would require modifications. And then the punishment inflicted by the present non-compact reign has not been great enough to make submission to a compact based on these suggestions possible. Two years, perhaps one year hence matters may be different.

The compiler evidently thinks that it is possible to fix the rates so that there may be a 5 per cent profit over all expenses on every kind of business. May I suggest that while perhaps the present rates yield an average 5 per cent profit, some classes of business yield much more than 5 per cent and others yield no profit at all. There is great inequality in the rating—it is done upon no settled principle. *The non-compact compact companies exist because of this inequality.* They pay extra commission for and accept only the business of those classes that yield a larger percentage of profit than 5 per cent. No one knows better than the compiler of this "proposed form of compact" that there are companies paying 25 per cent, 30 per cent and 40 per cent for the class of business mentioned above. He can name the companies that are doing it. Can see their assets and their dividends increasing year after year. The conditions in New York City are such to-day, that it appears to us that no compact will hold so elaborate as this one proposed, but that a compact formed for the equitable adjustment of every class of rates allowing say 5 per cent profit over a 15 per cent brokerage, and ignoring any other matters might be formed, and would work well. A.

LETTER FROM ATLANTA.

Mr. Toombs Caldwell, the cashier of the S. E. T. A., and who is one of the most popular officials of the association, has been promoted to chief clerk, recently made vacant by Mr. Thompson. The appointment was made by Secretary Fleming, and will meet with the approval of all the members of the association. Mr. Caldwell has been in the S. E. T. A. offices for some time, and besides being (with apologies to Sec'y Fleming) the handsomest man in the association office, is one of the most popular.

Atlanta has organized an amateur Camera club. The idea of this club is to get as many good camera pictures as possible and distribute them amongst the members. Mr. Albyn Haynes, the popular stamping clerk of the Atlanta office, has been elected treasurer. Mr. Haynes being an unusually handsome man might take a sitting for the insurance fraternity the first thing.

Mr. Joel Hurt, secretary of the Atlanta Home Insurance, is making an aggressive campaign for councilman from the 5th ward in Atlanta. Mr. Hurt is closely identified with the insurance interests of Atlanta, and will receive a large part of the insurance boys' votes. However, his opponent, Mr. John Parks, is also an insurance man, representing the Royal Union Life in Atlanta. The race will be quite a close one.

A permanent injunction has been granted the National Life Association by Judge J. H. Lumpkin of the Atlanta Superior Court against its former Southern Agent, Mr. Simon Stein. Judge Lumpkin holds that Stein cannot make any effort to induce policyholders of the company he formerly worked for, to abandon their contracts and make new ones with him. Mr. Stein was formerly the Southern Agent for the National Life and lately was displaced from that position for sufficient reasons the company had. Stein is now endeavoring, so the company's attorneys say, to twist the policyholders whom he had insured in the National to abandon their contracts with that company to go with another which he represents. The company applied for an injunction to stop Stein, and such injunction was granted. The National will endeavor to bring Stein up for contempt, for not turning over the assets to the receiver which was appointed.

An old insurance claim held by the estate of R. H. Cowart of Bibb county, Ga., for $10,000, against the Connecticut Indemnity Association of Waterbury, Conn., is being revived. Mr. John B. Doherty, ex-secretary of this association has been in Macon for several days endeavoring to settle the claim. When Cowart died the association denied the claim on the ground of fraud. They employed a detective to try and find some evidence, but it is said could not. Later they offered a compromise settlement for $5000, which was refused. The ex-secretary now offers to settle the claim for 10 per cent or $1000 for a $10,000 claim. This offer was promptly re-

fused by the heirs. Comptroller Wright of Georgia has revoked the license of this company to do business in this State.

The suit of Mr. Roby Robinson of Atlanta against the Union Central Life Insurance Company for the recovery of $5000 held against that company on account of a life insurance policy held by his late father, has been transferred from the Superior Court of Atlanta to the United States Court by request of the Union Central. This suit is brought by Mr. Robinson, based on the idea that the binding receipt which was given him by this company's agent legally holds that company liable for the $5000. The applicant died before the policy was sent out. The suit is therefore based entirely on the idea, "Does a binding receipt bind?" Of course the question as to whether the risk was acceptable will cut quite a figure in the suit.

H. J. Lamar & Sons, whose building and stock of wholesale drugs at Macon were totally destroyed by fire a few days since, have been awarded $75,000 and salvage by the insurance companies interested.

Without a question a bill will be introduced in the next session of the General Assembly of Georgia, by one of the most prominent and influential members of that body, to totally abolish the Southeastern Tariff Association. It is a known fact that such a bill will be introduced, as the party in question while not publicly stating such, has told some of his friends that he has drawn up such a bill. It might not be amiss for the association to look into this matter, as the Virginia record might act as a pointer. Of course the association will have some very warm advocates in the person of Hon. Clarence Knowles, Jack Slaton, and others, whose ability is well known, but yet there are many old hayseeds who come up to Atlanta to make legislation, that would be glad to kill anything that tends to look like a monopoly. There will be some warm times in the Legislature if this bill comes up, and it now looks like it surely will. Eloquence will flow through the halls of the capitol and no one will do more good work for the association than the aforesaid Clarence Knowles. The association is in quite good luck to have him there just at this time.

And now the hustling city of Macon is agitating a "rate war" and it certainly looks as if one will surely loom up there very soon. Hon. Henry Horne, who represents the Germania and the Manhattan Fire, has given notice that he will retire from the local board of Macon, and cut the rates unless the association will reduce the rates of that city at once. He has advocated lower rates for Macon for a long time, and with the companies which he represents he is now prepared to give them. Mr. Horne has been the mayor of Macon, and while the chief executive of that city, often brought up the question of lower rates. It has also been discussed by the Chamber of Commerce of that city, and a committee was appointed to look into the matter. Mr. Horne says that this committee has done nothing towards the reduction of rates, or the endeavoring to secure same. Mr. Merrill Calloway, a prominent fire insurance agent of that city, and a member of the large insurance agency of Cabaniss, Calloway & Cabaniss, was on a visit to the association during the past week, with an idea to get some plans made up, to stop this rate war which seems to be looming up. Mr. Calloway was in conference with the association officials for some time, and some sort of understanding was doubtless agreed upon. The association will perhaps investigate the rates of that city, and if sufficient grounds can be shown that rates are too high there, they will likely be reduced.

A prominent, and, in fact one of the largest, insurance agents in the fire business in Georgia was discussing the 15 per cent commission agreement a few days ago, and in conversation said: "I have been offered by several of my companies a higher commission rate than 15 per cent, and feel that I should accept it. We cannot make any money out of 15 per cent, and when good substantial companies who can write large lines offer us more than that figure on all business written for them, I certainly feel like giving up all the balance of my companies and working for none that hold me down to the 15 per cent agreement. This question of a standard of 15 per cent has been considerably agitated in the Southern States by the local agents lately. Many companies, members of the association too, are offering 20 per cent to 25 per cent commissions. It is a disadvantage to the ones who live up to their contract and a great advantage to those who do not." There is no question but that 15 per cent is small.

There is much distress being felt amongst the life insurance managers and agents who do business in Mississippi, Alabama and Louisiana over the appearance of "yellow fever" in that section. The appearance of this disease simply stifles the business in those sections altogether. It is to be hoped that it will not spread and that an early frost will come to totally wipe it out. From the present outlook, however, it would seem that the disease has something of a hold, and might spread to large proportions. X. Y. Z.

INSURANCE OFFICERS ON THE RESULTS OF THE WAR.

Maryland Casualty Company, of Baltimore.

In responding to your request for my opinion of the correctness of the views expressed, and conclusions reached, in your editorial of August 20th, entitled "The Risk of Peace," I must confess to a very decided reluctance in intruding upon the public merely my personal opinions; and there is neither time nor space at my disposal to enter into a discussion of the reasons upon which those opinions are based.

There are many questions to be answered, many problems to be solved; some vital, some subordinate, but all important and fraught with momentous results for good or evil to our own people, as well as to the Islanders, according to the degree of wisdom and justice exercised in their solution. Some are questions of morals, some are problems in economics.

Are we being seduced from the old path of rectitude, marked out and travelled by the Fathers of the Republic, to the worship of the Golden Calf of Imperialism? So some put it. Others say, are our lusty strength and vigor, our brains, our capital, our enterprise, our unequaled adaptableness and inventiveness, to be forever "cribbed, cabined and confined" because men of the eighteenth century, planning wisely and righteously in the presence of conditions then existing, laid down principles utterly inapplicable to present conditions, and whose very wisdom when uttered indicates that quite different principles and policies would probably be advocated by the same men, if now living? Shall we retain Cuba, Guam, Luzon, or only Manila, or all the Philippines? Was it right to annex Hawaii and Porto Rico? If right, will these possessions prove profitable, or will the largely increased cost of our naval and military establishments be paid for by the added wealth brought to us through the enlarged trade facilities secured? Does not the present extent of undeveloped territory at home offer abundant scope for the intelligence and energy of our young men, and for the counsel and cash of their seniors? Are we rashly, and with little advantage, plunging into the troubled and treacherous sea of European politics, and abandoning our safe foothold on the shore of our time-honored isolation from the Old World's ambitions and intrigues?

These and many more questions have been asked back and forth, and much has been written and said. I have read both sides thoughtfully, endeavoring to keep my mind receptive, teachable and unbiased. With the light I now have, my opinions, subject always to change if new light and added knowledge so inclines, are that the annexation of Porto Rico and Hawaii does not transgress any principle of right; that Cuba should be in all but name, *i. e.* in fiscal regulations, in religious liberty, in separation of church and state, in public educational advantages and curriculum, in legal procedure, etc., as American as our homeland, under our protection, but without political coercion, and with such a full measure of home rule as is compatible with its Americanization, as above set forth; that it is clearly wise to retain for a coaling station Guam Island, and that the island of Luzon should be annexed, and American trade facilities equal to those of Spain, and thorough correction of all hitherto existing abuses should be established and secured throughout the Philippines. I believe that without cessation or impairment of the development of our continental domain, we can and will in a few years change these islands from political, social and industrial wildernesses to gardens of productive industry, of stable government and of freedom of thought, worship, speech, action and education.

I believe that the marvelous industrial development and growth in manufactures that have come to pass with us in this generation, make it the highest wisdom for us to enter the open door of demand for manufactured products which these island offer. Hawaii is a salient outpost, Manila is a principal gateway, Japan is the nearest field, of the Asiatic farm. The first is ours; the second should be, also; the third is our good friend and imitator. I can see no good reason, as yet, for throwing away these golden apples of opportunity which events have shaken into our lap.

I believe our presence, to the limited extent these new departures may render abolutely necessary, in the field of European politics will tend toward the peaceful settlement of questions that without our participation might end in war.

May I add, as pertinent to this wide subject, that I believe the Nicaragua Canal should be built; that it should be built as soon as possible, and that it should be built, owned and controlled by this great nation? Very respectfully,

Jno. T. Stone.

The Fidelity and Casualty Company of New York.

The nation has much cause to congratulate itself upon the situation. The terms of peace have not been finally determined, but there is no reason to believe that any further recourse to arms will be necessary. Our strength in war and the weakness of Spain are such that there is no occasion to expect any serious opposition to our terms, more particularly as the disposition of our government shows moderation.

We do not belong to the class of people who favor the acquisition of over-the-sea territories occupied by races of other stocks, with little in the way of qualification for self-government. We questioned the wisdom of the annexation of Hawaii, and we question now the wisdom of our holding the islands of the West Indies and the Philippines, which we have more or less perfectly conquered. It is one thing to secure naval bases suitably selected in different quarters of the globe. Such bases are indispensable to a nation engaged largely in commerce. Without them our trading interests would always be at the mercy of any power stronger in its naval arm. It may be that with each naval base there will always be some necessity to hold adjacent territory. Beyond such territory as may be necessary in this respect we believe that we would be better off if we should follow the old policy of the nation, remaining content with our continental possessions.

But whether we will or no, the war has left upon us grave responsibilities. Wherever we have displaced the sovereignty and control of Spain we must look to it that anarchy does not follow. To all intents and purposes our responsibilities of this sort will be for the time as onerous as if we were intending to hold the given territories absolutely. We trust that the nation will discharge its duties efficiently and will so direct matters as to leave each integral district at liberty eventually to cast in its fortunes with our own if we both are so disposed, or to establish an independent autonomy of its own. It would be a scandal for the American people, professing the right of all to self-government, to hold foreign territory permanently by by autocratic measures.

If it shall become evident that our policy is to allow in the end this broad liberty of action to the conquered districts, the result may work out as those wish who are classed as imperialists, but it will have been worked out upon theories consistent with the landmarks of faith of our people and consistently with our form of government. Let us remember that "Peace hath her victories no less renowned than War."

P. S.—President George F. Seward sends the above as his views on the war, which is from the Monthly Bulletin of the company.

KIND WORDS FOR DR. C. C. BOMBAUGH.

We are sorry, and indeed very sorry, to note the announcement contained in the *Baltimore Underwriter*, that Dr. Charles C. Bombaugh has retired from the editorial chair of that journal, which he has occupied for upwards of thirty years. The retirement of the accomplished and genial editorial doctor we regard as involving a heavy loss to insurance journalism, of which he was a bright, honest, and capable leader. Dr. Bombaugh was an ardent and enthusiastic supporter of all that was good and desirable in insurance, and in the cause of insurance he was always a ready, witty, pointed, and elegant writer. Of shams and frauds, of which, unfortunately, there are all too many in the business, he was the open and avowed foe; when necessary he knew how, in the most skilful manner, to handle the lancet and deal vigorously with unsound and unwholesome excrescences. The doctor, we regard as one of the powers for good, in insurance journalism, and in his retirement the profession suffers the loss of a bright and valued member. In his retirement, we wish him every happiness, and long life to enjoy a well-earned repose. The association of his name and character with the *Baltimore Underwriter* is, as we feel assured it will be with many others, indelibly fixed in our mind, and the recollection of his kindly personage is one upon which time will have no effect.—*Insurance and Financial Gazette, Belfast.*

***

Dr. Charles C. Bombaugh, the founder and for thirty-three years editor of the *Baltimore Underwriter*, has retired from the editorial chair to take what he terms "an unlimited vacation." James H. McClellan, who has been business manager, becomes publisher. While Dr. Bombaugh has fairly earned a rest, his retirement is much to be regretted. A strong, clear, and lucid writer, he has been an effective influence in the insurance world. May he find much pleasure in the vacation days upon which he is entering.—*Philadelphia Intelligencer.*

NATIONAL CONVENTION OF INSURANCE COMMISSIONERS.

The twenty-ninth session of the National Convention of Insurance Commissioners was held in Milwaukee from September 13 to 16, and from the attendance, and character of those who read various papers on the different forms of insurance, made it the most interesting and instructive gathering had for some years. The papers read will prove good reading when produced in book form, and for the want of space we are only able to give extracts of a few in this issue of the Underwriter. In our next we will give attention to others that came too late.

EXTRACTS FROM ADDRESS OF COL. JACOB L. GREENE, ON "DIVIDENDS, SURRENDER VALUES, ETC."

The problem of life insurance is to give with certainty, to a proper beneficiary, an agreed sum of money on the failure of a certain life, for which undertaking it must receive an adequate premium. The first question in the matter is the adequacy of the premium, the elements of which can never be precisely measured beforehand. Mortality, expense, and interest are constantly variable factors; their variations are incapable of previous demonstration; administrative control over them is limited.

In the absence of exact foreknowledge, with the certainty of variable experience and that no group of experiences will precisely reproduce any former group, we can use as elements of our premium calculations only that general knowledge of the included facts which is the average of their observed history. We assume that this history will repeat itself substantially and subject to those modifying causes only whose operation we can foresee and measure within a safe margin for which we can make sufficient allowance. But since allowance for continual and uncertain fluctuations must be made, we can secure absolute certainty only by an excess of caution in our assumptions; we must be reasonably sure that we are somewhat overcharging, or we are not reasonably sure that we are charging enough. Thus life insurance solves its problem of certainty by bringing into its uncertainty an admitted overbalancing error whose exact determination and proper correction must be left to experience. The continuous problem of mutuality is the continuous correction of that constantly operative error and the detailed adjustment of the correction to the individual payments of the membership.

The reason and intent of mutuality in life insurance are rooted in the appeal to conscience and the offer of assistance in duty. Pleading the family's needs and the father's inability, and offering its service to solve the dilemma as far as possible, it sets itself to do equity; equity to those for whom it pleads, and equity to him whom it rouses to conscientious action in their behalf. As it calls him to unselfishness, it must be itself unselfish, with an eye single to the benefit both of its wards and its co-contractor. It proposes, as its peculiar part in giving his family their protection, to make him pay only its actual cost, without profit to any one at his expense, and, compelled to guess, however intelligently and closely, what that cost will be, and to stipulate for too high a premium in consequence of its inability to do otherwise than guess, the primary problem in equity and good conscience toward him is the constant ascertainment of the actual current cost of the insurance and the as constant correction of the deliberate overcharge. That is what mutuality is for; to give to each member his insurance at its exact cost to the whole membership. What in a stock company would be annual profits for the stockholders, is annually to go back to the members of the mutual company in order that they may in reality pay only what their several risks have cost; and mutuality between the members is accomplished when and only when each individual member is made to pay just his ratable share of that cost proportioned to his risk; his actual ratable share in the losses and expenses incurred and in the necessary reserve. This is accomplished by so-called dividends. A dividend system which accomplishes this is a true one; a dividend system which fails in this is false to the principle of mutuality, and, in a professedly mutual company, becomes an instrument of exploitation of some of the members for the advantage of some other of them, putting the favored ones, so far, essentially in the relation of stockholders with the privilege of making a profit out of the rest, and so utterly destroying the mutual relation of making it a snare to the unwary.

A dividend system which is true to the purpose of mutuality, which makes it a fact and not a false flag, must put each member at the end of the year in the same position as to his premium payments that he would have been at the beginning of the year had exact foreknowledge been possible. If we knew exactly what mortality, expenses, and interest are to be, we should know to a cent what the yearly premium must be; we should exact only that, and the problem of mutuality as related to cost would be eliminated. As these things are of annually changing experience and can be known only at the end of each year, only at that time can we know what was the exact and necessary premium for that year. Then we do know. Mutuality has promised to take only that exact and necessary premium; to take from each only his exact share of the whole cost; which can be accomplished only by returning to the member at the end of the year the sum by which the assumed or nominal premium paid is proved to have exceeded the exact premium necessary to meet his share of the year's experience in the several elements of cost.

EXTRACTS FROM MR. DE BOER'S ADDRESS ON "SAFEGUARDS RELATING TO MORAL HAZARD IN LIFE INSURANCE."

The assumption of chief consequence to level premium insurance is interest and margin; to assessment and natural premium insurance, mortality and margin. To offset moral hazard from an impairment of these assumptions, the former must have regard to its investments, both from the standpoint of their quality and their necessary earning capacity, and supplement all this by holding to an actual general surplus addition of at least from eight to ten per cent. Assessmentism, etc., must keep within its provision for expenses, and at the same time maintain a special fund to meet all accidental extra mortality. But, then, is it not now reasonable to doubt the permanency of all schemes of life insurance which postulate a system of increasing risk on increasing premiums or assessments? It hardly matters, as we look toward the middle of the twentieth century, whether assessmentism was imperfect generalization or not; whether capacity or fraud dominated a part of its origin and operations; whether ignorance, or a true desire to cheapen the benefits of life insurance, or mendacious speculation fathered their disastrous results. The facts are that, however reasonable this pseudo-insurance may appear in theory, its application, as industrial society is organized, is wanting in hope. The old line insurance has encountered its competition with absolute success and with increase of public confidence in itself from the demonstration, which, pitiful enough, has proceeded upon a most gigantic scale. Politics has met it in the lobby, supervision has dealt with it in reports, and courts of insolvency have passed upon it in practice. But, gentlemen, nowhere has this pseudo-insurance left traces of more permanent regret than in the desolate homes of the fatherless and the orphans. No matter how the experiment has been varied, the registered result is the same. Insurance is not cheap when it fails, nor economical when it makes no return. It is not sentiment to say that men who practice life insurance in any capacity, with any regard whatever for their fellowmen, ought to be governed by the greatest precept of their business, that their first duty is to make insurance absolutely sure. Assessmentism has often proved itself a moral hazard to the people. Industrial insurance, that lusty child of ceaseless vigilance and unprecedented activity, proves its right to exist by its power to perform, but teaches the necessary lesson that life insurance brought within the reach of the poorer classes cannot be effectively done except at the greater cost attendant upon every form of retail transactions. Assessmentism, done by wholesale and at a discount, upon a scheme at variance with the social and industrial conditions of the people to whom it is addressed, suggests that its operations can only be insured, as a system, under control by the State. Its unrestricted and unlimited operation in the hands of a few men is morally wrong.

I do not mean to affirm that the level premium system has no room for improvement, but think, rather, that, with time, there will eventuate an even more equitable, economical application of its benefits to the needs of American society than already exists; and our present policy system is certainly without comparison in the world. But against the moral hazard of assessmentism our legislators are in duty bound to protect the people.

It may be in order to insert here a transcript of assessment history from the Massachusetts Life Insurance Report for 1898, page xvii: "Following the passage of the general assessment law of 1877," so runs the story, "sixty-two assessment companies, as has already been said, were almost immediately organized. Every one of them has now departed, some going in infancy, some in childhood, while only two lived to be of much consequence, and both of these are now having their bankrupt estates administered upon by order of the court."

There is no more sorrowful narrative now in print than the statistical record of the many forms of impossible insurance organizations of one kind and another which were tabulated by the competent Jenney in the United States census of 1890. It would not have been very much out of place to have starred the following foot-note, double headed, under these reports:

The State is responsible for every form of long continued commercial impossibility, whenever the State creates and ostensibly supervises it. It is therefore debatable whether these statistics do not more properly belong to a chapter on practical American politics than American life insurance, but they are given here because by title, at least, this is their nominal place.

The next factor in a system of life insurance, approved by experience and projected on moral assumptions, is the selection of risks, which is by no means the exclusive function of the medical examiner. For the custom now is to identify compensation with business getting, prompt payment with acceptance of proofs and to divert hazards out of the ordinary into collateral but different channels of risks by a material and most liberal modification of the policy, as compared with what it was a decade or two ago. The difference of a drop determines whether the solution shall present an alkaline or acid reaction. So, also, the selection of risks, or, rather, the eventual composition of the company's risks will be affected by some material practice or condition of management with the origin or application of which the examiner himself has no concern. The field, as we call the agents, demands in its own right and of necessity, certain practical conditions of work: A range of entry ages from at least twenty to sixty, sometimes from fifteen to seventy; a maximum policy denomination in excess of the average policy amount, and ranging from $10,000 to $100,000; more recently the extension of its market to woman, who, satisfactory to say, now stands with man on a substantial equality as a life insurance risk. Its non-forfeiture, incontestability, availability, convertibility, policy control by the insured and surplus options for every form of annuity income or insurance reversions. Thus all ages, both sexes, every amount, and the broadest range of policy options are already involved in this play of constantly shifting contingent values. The fact that the evolution of the life policy has been one-sided and toward the policyholder, cannot be over-emphasized. It is a reason enough for holding that selection at entry should be purged as much as possible from moral hazard in order to give the companies which guarantee so much the quality of insurance which, for that reason, they so much require.

The third important species of moral hazard, considering assumptions and selections the first two, is of investment. Cornelius Walford quoted over forty years ago, more aptly than he could perhaps do to-day, a Mr. Pocock to the following effect: "The parties having the management of the office should be well known to the mercantile world as men of substance, integrity, and intelligence, rather than persons with imposing titles, such as, in fact, are daily announced as managers and directors of many of the speculations at the present time; for it should always be borne in mind that the great object to be attained is prudent management and a careful investment of the funds of the society." It is not unwise to recall the suggestion, since upon the results of investment depend not only the success of the assumptions and of the whole scheme of life insurance, but, in a large degree, the profits, dividends or surplus, however called. The power which handles the funds is the great power, and its management is almost always combined with an acquisition of more funds through old and new business accounts. Large life insurance funds cannot be handled over a long period of time without the experience of some loss. The problem grows, like the grasshopper, more of a burden as the funds increase. And so this matter of life insurance investments is extremely consequential, since investments and the management of income and outgo has its own moral hazard, like selection, though differing in kind. The president of a great casualty company has already suggested, if I rightly remember, the insurance of this hazard. For these investments demand the highest intelligence, the most conspicuous courage, the noblest integrity, the broadest experience and the most painstaking study, investigation and work. The vast subdivision of labor is required and the conservative policy, which looks not for speculative profits, but a reasonable return upon the basis of a principal fairly secured. I have long been impressed with the fact that the best safeguard against whatever moral hazard is here involved is the universal adoption by all our companies of the three per cent interest assumption, because that step would automatically insure, where integrity and wisdom of management prevails, more permanent and less speculative investment. This change of assumption has been criticised, and still is, as unnecessary and ill-timed; but it is already being applied and, within a few years, it is reasonable to expect, that the companies, with scarce expectations, will be united in this regard. Mr. Walter C. Wright, in his review of life insurance (American Statistical Society, 1888) explained its failures as due primarily to extraordinary eagerness for new business and extravagant outlay to procure it. He recognized auxiliary causes like panics and dividend apportionments beyond sure means; but his germ thought was that the public placed too great confidence in mere volume, "which when it has passed a certain limit," he said, "has no practical value whatever." Mr. D. B. Fackler subsequently elaborated this same idea when he directed attention to the money power lodged in the hands of a few men, "possibly," he said, "only one man in each company," and he added "any great further increase in the size of our largest companies, will, to put it mildly, benefit neither the policyholder or the public." He went further than this, and his remarks will bear consideration, declaring, before this very body, "It is conceivable that companies might grow to such a size that they could not be properly managed by their own officers, or satisfactorily supervised by the State; so that they would no longer yield the best attainable results for their own policyholders." The safeguard suggested was legislation, suspending new issues when a limit of two hundred millions of assets was reached. It has not been adopted, but momentum continues to vie with control of these great machines. The first of 1898 discovered three companies with two hundred and fifty-three, two hundred and thirty-five, and two hundred millions of assets respectively. The ten leading companies hold over one billion, and sixty-one million of invested funds, while the reported figures for forty-six companies were $1,272,000,000. The ten industrials, in addition to all this, held $72,743,000, of which $70,844,000 was held by three alone. It is, probably, safe to affirm that more size will reach the limit of its own possibilities in time, at least, so far as the insurance accounts are concerned; but this cannot be predicated of assets unless, of course, new business is absolutely and definitely discontinued, and then, only after a time. We have the example of one excellent company, whose outstanding insurance has remained virtually stationary for sixteen years, but its assets have increased within that period some twelve millions of dollars. No criticism is here intended upon investment work. I would rather say that, with a due allowance for the support which that department has received from an average of widely distributed and varied investments, and from other recouping resources, inherent in the business as a whole, the care of life insurance trust funds has been for twenty-five years past the glory of management, as the development of business has been its achievement. Benjamin Franklin's remark is yet true; for there is nothing to-day which surpasses, in point of strength, comfort and security to the individual, an investment in life insurance; but that moral hazard exists in the application of fundamental assumptions to policy construction, in the selection of risks, in the impairment of net rates and in the investment of funds, each in turn

due to a different set of conditions, should be kept in mind by the directories and, so far as possible, they should seek for safeguards against its ill effects.

There now remains to be considered that other important feature of our life insurance system, its supervision by the States. And first of all, it is to be remarked, that this supervision has unfortunately been political in character and subject to the influence of the lobby. The managers have been fairly certain of their tenure, but the commissioners, not. This uncertainty itself is in the nature of a moral hazard because it involves uncertainty and inequality of supervision. Now, supervision by States has these defects: It is not uniform; it makes unnecessary demands; it fixes arbitrary measures of lapse settlements; it imposes heavy and unequal taxes; it arbitrarily changes its spots with change of officer. Some departments of supervision have a somewhat fixed character and purpose, governing themselves by precedents and carrying out their ideas with a reasonable persistence. Level premium insurance has not been much helped by State supervision, while the people cannot be said to have been always protected against speculative and unsound forms of insurance.

The fallacies sometimes have had their largest run when State supervision was, in fact, most intelligent—but, at the same time, unable to give them timely quietus. Supervision was organized to protect the citizens of individual States; also, to strengthen the public standing of the solvent companies. This supervision, as a means to an end, is not bad. It is to be desired in connection with great corporations, and it is to be regarded as of service to the people. The character of State supervision, however, is deficient on account of the defects, already named, and renders the different forms of life insurance more costly to the people without always making it more safe. It seems sometimes as if State supervision had been outstripped, and that it now no longer responds to the national character which life insurance has assumed. "*Quis custodiet custodes?*" The office should be taken out of politics and itself protected. Capacity and performance, measured by civil service standards, are the proper guides both for the selection of supervisors and their continuance. I have no wish to enter into the merits of the argument for federal supervision, but feel confident, could that be achieved, that the cost of supervision would be reduced and its quality improved. For, think what we may—the United States has developed so rapidly as a great nation, that public corporations, themselves national and international in their operations, and collecting and distributing the great values which life insurance already handles, cannot fail to be benefited in the interest of the public by being supervised broadly instead of narrowly. At the same time, I confess that local supervision has contributed to the confidence with which the people of different sections have accepted our institutions. For they have faith in their own officers, whom they legally install in office by their ballot, or as the result of their ballot. It is a part of their self-government.

Nor would it be desirable, if, by any chance, national supervision became a fact to exclude or even diminish publicity. What is needed is unified, effective supervision at reduced costs. This business will prosper most with a firm hold on the public mind. The cheapest and ultimate premium which it *must* pay to secure this hold is publicity and truth. For it belongs not to any man or set of men, but to the nation, and may now be ranked as one phase of its national development, inspired by the energy, providence and thrift of its people. To quote from President Low: "Theoretically, I cannot believe that there is any reason why the demand for publicity in relation to the action of corporations should not be carried to any detail to which it may be necessary to carry it, in order to secure the result of absolute honesty, as toward stockholder, creditor and the public." He uses the words, "theoretically," and "may be necessary," which saves the quotation from doing honor to a certain class of details which isolated supervision has more recently required us to transcribe. For supervision should stand related to the business in a friendly attitude. Its proper limitations are expressed when we say it should not assume to make rates, to dictate policy forms, or to limit competitive expenses. It may with propriety continue to suggest a standard for assumed net rates, policy valuations and a minimum non-forfeiture. It is also wise to collect details of income and outgo, insurance issued and cancelled, and such other matters as may be deemed and really are essential to discovery or anticipation of unwholesome conditions. It will also serve the public by independently determining, at reasonable intervals, the present worth and quality of a company's investments. This work should be thoroughly done by competent men and without unnecessary duplication, expensive delays or annoyance. When so done, it will probably be altogether unnecessary to repeat the examination again for a period of at least five years. The wisdom of yearly investigations to the utmost farthing and detail is highly questionable. In any event, the results would be more beneficial and satisfactory to the public, if the relations between supervisors and the companies be maintained upon a peace instead of a war footing. To say the truth, however, it has too often been the status that the companies might justly exclaim: "Write, cancel and be hopeful, for to-morrow we will have a new commissioner!" What a company, a regiment, rather, of noble, earnest public men have supervised our life insurance work! They are all gone from public station, but the institution by the grace of its own management yet lives to discharge its beneficent work.

EXTRACTS FROM ADDRESS OF MR. JOHN A. McCALL, IN "A REVIEW OF LIFE INSURANCE FROM THE DATE OF THE FIRST CONVENTION OF STATE OFFICIALS."

RISE OF INDUSTRIAL INSURANCE.

Industrial insurance, although in operation in England since 1854, was first introduced into this country in 1873. In 1880 three companies were issuing this form of indemnity, and the amount in force at the end of the year was somewhat over $13,000,000. On December 31, 1897, the number of policies in force was nearly eight millions, insuring nearly one thousand million dollars. The amount insured under industrial policies now exceeds the total life insurance in force in this country prior to 1867. Its salient features have been (1) weekly collections of premiums at the homes of the insured; (2) the insurance of the whole family; (3) uniform rates for males and females; (4) limitation of the amount of insurance upon lives under ten years of age to burial fund proportions. Premiums are five cents per week and upwards, insurance $15 and upward. The average premium is about ten cents per week, and the average insurance about $125.

Fortunately for the business and for the insured, the industrial business has been done by a few companies, and those doing the bulk of it have been managed with the highest integrity and skill. They have sought to furnish insurance that should be, first of all, safe, and then to make every device for lowering its cost inure to the benefit of policyholders. The industrial companies have had to overcome anew the prejudice which was formerly directed against the companies insuring for larger amounts. Professional philanthropists have again and again conjured up the specter of children starved and murdered for the sake of an insurance that would scarcely afford decent burial. Over against the specter the industrial companies have once and again set the facts, showing care in the selection of risks and in the payment of claims, and the further fact that the mortality among insured infants is lower than the average infantile mortality. Over against accusations of placing burdens upon poverty, the companies have shown that an increase in industrial insurance has gone hand in hand with an increase in savings bank deposits.

As bearing upon the history of life insurance, several points must be noted:

1. The industrial companies have immensely broadened the field of life insurance. They have not only extended its benefits to a large number of persons insuring for small amounts, but they have included classes heretofore considered uninsurable. They have demonstrated that it is possible to ascertain and cover by an adequate premium the risk of death upon practically every healthy human being who is not living in flagrant violation of moral and hygienic laws. The companies have been obliged to contend with a death-rate among adults over twice as great as that which has prevailed among the companies doing an ordinary life insurance business, and to ascertain by actual experience the death-rate among children; but they have within comparatively few years obtained the facts, and reduced them to a science, upon which they have upreared the stately structure of industrial insurance. The number of industrial policies now in force is over three and one-half times as great as the number of ordinary policies; and, while the amounts are small, who shall say that the service done each family is not as great in the one case as in the other? The poor of to-day are often the well-to-do of to-morrow, especially if they observe the rules of industry, economy and forethought which industrial insurance is so well adapted to teach. Having constantly before their eyes the benefits of insurance in small amounts, they will not fail to see the advantage of larger amounts when they are able to carry them.

2. Again, the industrial companies have shown that it is worth while to do small things in order to accomplish great things—that the business will bear whatever expense is necessary to do it in the best way. The companies have learned that the industrial classes will not save money and pay for insurance by quarterly or monthly premiums; that they will not take insurance that involves remittances by mail or by periodical payments at an office; but that they will cheerfully pay the cost of it if it is brought to their homes and sold on weekly instalments. In their personal attention to policyholders, in their management of details, and in their efforts to cheapen the cost of insurance to their patrons, the industrial companies have shown a wisdom, a zeal, an invention and a singleness of purpose that may well excite the admiration of their co-laborers in the life insurance field. The conditions of success seemed hard, but by accepting them cheerfully and paying the price ungrudgingly these companies have earned a success which is conspicuous in the annals of life insurance.

3. If we look closely we shall perceive that industrial insurance—so far as it applies to infants—has introduced a new principle. Every other kind of insurance is indemnity for value lost, infantile insurance is indemnity for expense incurred. The infant life has no pecuniary value; it does not produce—it consumes; but, if it ceases, an expense must be incurred for its burial. The expense of its maintenance, if it lives, can be provided for by the earnings of parents, because this expense—like these earnings—will be so distributed as to require but little outlay each week; and so the expense, involving the instant outlay of a week's wages or more, can be met in the same way by industrial insurance. It is not exactly insurance upon life, but, in the language of the charters and of the law, "insurance pertaining to life." To my mind, a new dignity is added to life insurance when it proclaims over the cradle the sacredness of human affection, and prepares to assuage the grief of the bereaved by the assurance of Christian burial.

EXTRACTS FROM ADDRESS OF MR. E. F. BEDDALL, ON "THE FOREIGN FIRE INSURANCE COMPANY AND ITS BUSINESS METHODS."

No one will deny that the rate for a given risk, or class of risks, should be founded upon experience; and yet when the underwriters get together and, exercising their best judgment, based upon their collective experience, prepare a tariff of rates, forthwith is raised the cry of combination! And then the restricting powers of the legislature are invoked, a so-called anti-compact bill is introduced and enacted, and the companies are driven to resort to all kinds of ignoble subterfuges to discover some way of evading the law. That the solvency of our companies is of prime importance to the safety and security of the property of our citizens goes without saying, and that this solvency could not be maintained unless adequate rates were charged, must also be conceded. It is furthermore beyond dispute that a rate which shall be fair to both company and assured can only be reached by utilizing the combined experience of all the companies engaged in the business. If property-owners are really desirous of ascertaining the exact loss cost of the business, the method above suggested supplies a means. In our bureaux of vital statistics we have collated all that information which is necessary to show the conditions of health and longevity as they exist in every town in the country. I know of no reason why similar statistics could not be collected by the State officers upon the subject of fire losses, and thereby set at rest forever that cry for legislation against combinations of insurance companies which is raised all over the land. Let us know what the loss cost is, and the rest will be easy. With this information before him, the insurance superintendent could make up a tariff of rates as well as the most skillful underwriter, and when the tariff had been made by State authority a law might be passed providing that no higher rates, including a definite loading, should be exacted by combination, the companies, however, being free, of course, to write at the rate fixed or not, as their judgment might dictate. This is substantially the method adopted by the life insurance companies in making their rates. They first ascertain from experience the average expectation of life on a given number of healthy males at certain ages, and, having determined this, they construct a table of rates based upon a fixed rate of interest, adding to these rates such a loading as will meet the expenses of conducting the business. If, upon a physician's examination, the life of any applicant for insurance should be found to be not quite up to standard, an additional premium is charged by way of compensation for the reduced period of time he was expected to live, but if the examination should indicate that, like some of us, he was threatened with an early funeral, the application would be declined with thanks. In the practical carrying out of such a plan, the maximum State rate having been fixed for each class of fire hazards, the underwriters would construct their tariff accordingly, charging something less than the average rate for such risks as might present favorable features, as regards construction of buildings, carefulness of management and protection by fire-extinguishing appliances provided for that purpose, either by the municipality or at the expense of the owner, while those risks which, in their judgment, fell below the average, would have to be penalized by a rate in excess of the average rate applicable to the class, such excess, however, to be determined by the individual action of the underwriters and not by means of the concerted action of all, the State official rate fixing the limit beyond which combination could not go. At the outset, doubtless, my plan would be ineffective, for the reason that we would have only the experience of one year to determine the rate, but this in due time would be remedied if provision were made for averaging the experience of each successive year until the first decade had been passed, and then striking off the earlier year and substituting the latter one in making up the average.

If this plan were adopted and the State should permit a combination of companies operating upon this State experience and making a tariff based thereon, it seems to me that no one would have any just cause of complaint. The advantage would be that every property-owner in the State would be interested in keeping the losses occurring in the State at as low a point as possible, and that instead of utilizing every possible occasion to compel the insurance companies to pay whenever a disputed case was brought into court, as is done now, each property-owner would have a direct interest in keeping the aggregate amount of losses as low as possible, for the reason that every additional dollar that was paid in the State would fractionally increase the rate of premium that the property-owner would thereafter have to pay. A combination to sustain prices is not necessarily prejudicial to the interests of the people. It is the abuse of the power which combination gives that makes it harmful and indefensible. To a compact of insurance companies organized for the purpose of maintaining uniformity of rates on the lines of demonstrated experience, no one could reasonably object. That the rates charged have not been excessive on the whole is demonstrated by the fact that the statistics show that the net profits of all the fire companies (reporting to the Insurance Department of the State of New York) collectively during the last seven years have been only 2.16 per cent. of the premiums received.* There were burned in the United States in 1897, 33,033 dwellings, 913 saloons and 735 churches, besides 31,098 other buildings.† From this it would appear that the homes of our citizens and the buildings in which they conduct their religious exercises, as well as those in which they take their drinks, are alike exposed to the element of fire, the loss by whose ravages the insurance companies attempt to distribute over the community, ratably upon the destructible property which they individually possess, and make a little profit for themselves.

Comparison is sometimes made of the relative rates prevailing in various sections of the country, and by the uninitiated the underwriters are sometimes unjustly charged with unfairness in rating one section higher than the other, but it must be remembered that the climate is an important factor in determining the fire hazard and the appropriate rate for insuring against it. Certain sections of this country, as we know, are subject to long and continuous droughts, and there the hazard is necessarily greater and the rate accordingly higher than where rains are constant and abundant. Again, the character of the population has an important bearing upon this question of rate. Certain sections of our country are largely settled by foreigners who have "left their country for their country's good" a nomadic crowd of adventurers, who seek to make a living, honestly, if they can, but make it, somehow, they must, wherever and however they can secure it, and who, if occasion requires, will resort to the torch or any other expedient to accomplish their purpose. To this it may be said: Why not leave such persons to be insured by Lloyds and mutuals? and so we endeavor to do, but still we cannot rid ourselves of the hazard which their presence occasions. If every risk were self-contained and the hazard of fire attending it confined to the limits enclosed within its own walls the suggestion might be a valid one, but we know that we may insure a Nicodemus—say, in Podunk, a man spotless and without guile, and yet a few doors away there may live a Bohemian scoundrel without means or conscience, who, to serve his own interests, will kindle a fire in his own store and burn a dozen of his neighbors' also. That incendiary cow in Chicago which, goaded to desperation by the vicious pinch of a milkmaid, kicked over a lamp, causing the loss of many millions of dollars of property, and those companies which had persistently declined to insure cow-barns run by revengeful milkmaids suffered equally in the general catastrophe with those who wrote them freely. I say that locality and character of population are prime factors in the determination of the rate question. In the mining centers of the West where buildings are hastily erected to meet an immediate want and to supply a temporary demand, rates of insurance must necessarily be higher than in those towns which have been settled for many years and in which there are permanent manufacturing or commercial establishments. So I say uniformity in rates all over the country cannot be expected, nor can any ever exist until uniformity of conditions shall prevail. The highest rates which are paid for insurance the world over exist in Russia and in North America, if we except certain of the West India and the Philippine Islands, where wooden structures largely abound. In France, Italy and Spain the lowest rates prevail, the reason being that in these countries buildings are of massive construction and a minimum of danger from fire exists. This improved method of construction is rapidly being introduced in this country, and such buildings are insured at as low a rate here, and in some cases even lower than is charged for similar structures in Europe. In this country, owing to the divergent conditions to which I have referred, rates in different sections differ as widely as between one country and another. We find from statistics supplied to us by the insurance departments and collated in "Fire Insurance by States," that in the State of New York the average annual loss on each one hundred dollars of insured property during the past seventeen years was thirty-seven cents; in Idaho, $1.90; in Texas, $1.12; in Massachusetts, sixty-two cents; in Vermont, $1.01; in Wisconsin, eighty-eight cents, and in Minnesota, eighty-eight cents. In 1897 the loss upon each one hundred dollars of insured property over the entire United States was fifty cents; in Canada about seventy-one cents. In Great Britain it was about nine cents; in Italy, about six cent.* Thus it appears that the actual losses on insured property in the State of New York on the average of seventeen years were less than one-third of what they were in Texas, and in Massachusetts less than one-third of what they were in Idaho. Why these differences? Each of us is at liberty to form his own conclusions as to the cause, the results are indisputable, and with the results the underwriter has to deal.

EXTRACTS FROM ADDRESS OF MR. GEO. F. SEWARD ON "THE STATE AND CASUALTY INSURANCE."

DEPOSITS.

I am not averse to a deposit in the State of the company of all or any part of the company's capital. The State will keep such funds safely no doubt, and the right manager having no use for capital, saving as a nucleus of organization and a basis of initial credit, may as well have his funds in deposit as not. But I do strenuously object to the requirement of a deposit in any other than the home State.

The theory is, of course, that such deposits are made for the security of policyholders in the State. If the idea should be carried to its logical end the demand should not be for a special deposit of so many dollars, but for a deposit of right reserves against all business done by the given company in the given State. A deposit of $50,000 or any other sum may be onerous, or it may be inadequate. A deposit of the right reserves, if the system could be worked out practically, would not be onerous, and it would always be adequate. In this case, as in cases which have preceded, there has been a lack of logic in legislation.

---

* National Board of Fire Underwriters. President's Address, 1898.

† The Chronicle Fire Tables, 1898.

* These figures are approximate and are based upon the experience of a few companies only, the statistics available not supplying complete information upon this point.

Dealing with the matter further, let me ask, first, what right has a company to make any deposit outside of the State in such manner as to give a preference among creditors? Does any one imagine that if this question is ever brought before the Supreme Court of the United States it will not be ruled that, special deposits to the contrary notwithstanding, the creditor of the company in New York has the same rights in the moneys deposited in Ohio as the Ohio creditor has.

Let me ask next why a company should be called upon to make its capitalization so large as to provide for special deposits in different States. If $50,000 should be called for in each of forty States, every company intending to enter all such States would need $2,000,000 of capital. Perhaps some of us who are quite capable of serving useful insurance functions might be unable to finance such large requirements and even more unable to earn enough to pay dividends on the enormous amount.

Let me ask again what results for the insuring public might be expected from a general introduction of the system of special deposits. New companies would not be created. The small ones already in existence would go out of business. A practical monopoly would thus be established in favor of older companies having already large accumulations of surplus out of which the deposits might be made. Would this be well for the insuring public? Is it the way to promote and foster the insurance enterprises of the people?

THE *Chronicle* says that "the New York Board of Fire Underwriters will bring an action against the government to recover the value of canceled revenue stamps on returned and unused policies."

"The redemption of such stamps would save the companies thousands of dollars. Commissioner Scott has ruled that they cannot be redeemed under the provisions of the act."

If so, there will have to be a law passed to authorize the redemption. The judgments of the Supreme Court can only be paid by an appropriation by congress, because the constitution says that "no money shall be drawn from the treasury but in consequence of appropriations made by law." Hence it would be better to apply directly to congress than to go to the courts.

The *Chronicle* adds that "the Committee on Laws and Legislation of the board is preparing a test case." That is the thing to do, but let the "test case" be by petition or bill in congress, asking that the Court of Claims may be directed to pass upon the facts and whether there is any law authorizing the repayment of the stamps. That will be the shortest, quickest and most practicable way of getting the matter in a shape upon which congress will act. Rushing into the courts has often proven to be the longest and most difficult way to justice and a payment. And suing the United States is bucking against a stone wall. The Pacific Railroad tried that way and got a judgment in every court, including the Supreme Court—but when the Secretary of the Treasury reported the judgment and asked an appropriation, the House Committee on Appropriations did not, for three congresses, make the appropriation.

We have no doubt but that the committee of the board can present a proper case for congressional relief, but the way in which it may be done is important, and some experience with the prejudices and waywardness of congress suggests that molasses catches more flies than vinegar.

THE decision, by the Supreme Court of Georgia, on *cleaning up* after a fire, will not be without interest to underwriters. The case was that of the Savannah Steam Rice Mill *v.* R. M. Hull and others. After the rice mill was burned the adjusters got out all the rice they could and sold it for salvage. The owners of the property were ordered by the city to clean up the burned rice and other debris around the place, and this was done at an expense of $435. The owners of the property held that this expense was a lien against the salvage secured by the insurance agents, and brought suit for the amount in the Superior Court. Judge Falligant decided in favor of the insurance companies, and the case was sent to the Supreme Court, where his decision was affirmed.

The decision was written by Justice Cobb and the language used is as follows:

"Where a warehouse in which goods are stored is burned, and insurance companies which had issued policies upon the goods pay the owners thereof the full amount of the policies, and under an option in the contracts of insurance take possession of the damaged property, removing such parts as are salable and disposing of them, and allowing the unsalable parts to remain upon the premises, and the warehouseman is required by the municipal authorities of the city in which the warehouse is located to remove the goods remaining upon the premises, no equitable lien arises in his favor against the fund realized from the sale of the goods removed by the insurance companies for the expense incurred by him in removing such as were valueless and unsalable."

MEDICAL DEPARTMENT.

INCONSTANCY OF MITRAL REGURGITANT MURMURS.*

BY J. N. HALL, M. D., *Denver.*

Inconstancy is much more frequently a characteristic of regurgitant murmurs at the auriculo-ventricular orifices of the heart than of any other cardiac murmurs. We propose to study the reasons for this inconstancy, particularly as affecting the mitral valve, although much that we say applies equally well to the tricuspid. We shall first look briefly into the character and mode of production of the other murmurs. At the arterial orifices we may have direct murmurs from anemia, or infinitely less often, from obstruction in some form; and regurgitant ones from *a*, damage to the leaflets of the valves, or *b*, stretching of the ring supporting them. All of these are practically constant excepting the direct ones of anemic origin, which disappear under the use of iron in many cases.

Presystolic murmurs originate from narrowing of the auriculo-ventricular orifices, and are, practically, constant, excepting that weakening of the auricular wall may lower the force of the blood current to such an extent as to render the vibrations inaudible. This phenomenon probably occurs in most cases of this nature after interruption of compensation. Leaving out of consideration the anemic murmurs, the murmurs we have just considered depend commonly upon conditions of the valve segments or the orifices brought about by endocarditis or atheromatous processes, and not subject to rapid changes either from medication or changes in blood pressure. As regards regurgitant murmurs at the auriculo-ventricular orifices the matter stands very differently, chiefly owing to the different mechanical conditions entering into the problem. Mitral systolic murmurs are frequently hemic in character, and these are subject to frequent variation from changes in the condition of the blood, as are hemic murmurs elsewhere. It is especially common to see them disappear under the use of iron. I believe that very soft, slightly musical systolic murmurs at the apex in children are most frequently hemic in nature. We should note that it is probable that certain apical murmurs in severe anemia are really regurgitant in nature, and yet disappear under treatment, for the weakness of the myocardium from insufficient nourishment in such cases may give rise to temporary insufficiency, the weakened papillary muscle failing to draw the valve-segments accurately together. We should mention here those murmurs heard in certain phases of respiration only, and yet synchronous with the apex-beat, only to dismiss them, since they do not come properly within the scope of this paper, not originating within the heart.

The fact that the heart is hinged upon the great vessels at its base, and therefore may be more easily displaced from the chest wall at its apical portion than at its basic by changes in posture, intervention of the lung, effusions or tumors, constitutes a further reason for the inconstancy of certain mitral murmurs because the source of the abnormal sound is easily pushed back from the chest wall by the causes mentioned. Although the vibrations still exist, they may not reach the chest wall under these circumstances.

The transmissibility of a murmur is so obviously dependent upon the force of the blood current that a change in its area of transmission is to be expected with change in power of the heart muscle. Cammann formerly stated that the existence of mitral leakage was established only by hearing the systolic murmurs transmitted to the back. This is obviously incorrect, for cases are common in which, during established compensation, the murmur is to be heard in the back, while it disappears with failure of this process, even to reappear after a temporary restoration of heart-power. Although the disappearance of the murmur from lessening of the force of the blood current is perhaps more strikingly seen in connection with mitral stenosis than with mitral leakage, the basic murmurs are less liable to such change than either of these. An apical systolic murmur occasionally replaces suddenly the presystolic murmurs of stenosis, owing to rupture of the stenotic valve. We need only mention this rare phenomenon.

Above all the causes thus far mentioned, however, is the peculiar structure of the auriculo-ventricular orifices, to which we must look for the explanation of the inconstancy of many systolic murmurs. The relatively large size of the ring, its comparatively easy dilat-

---

*Presented to the Section on Practice of Medicine at the Forty-ninth Annual meeting of the American Medical Association held at Denver, Colo., June 7-10, 1898

ability, the presence of papillary muscles assisting in the closure of the orifice, and above all the attachment of these papillary muscles to the easily dilatable ventricular walls, offer abundant opportunities for leakage at the orifice and the consequent development of abnormal sounds. We should not, therefore, be surprised at the comparative frequency of occurrence of the murmurs in question. Although the valve segments be perfect, we may readily see that leakage may occur, *a*, from dilation of the ring to such an extent that the valves can no longer cover the opening; *b*, from stretching of the papillary muscles or loss of their contractile power, as from degeneration of their muscular tissue, so that the valve-segments are pushed too far into the auricle to meet accurately; *c*, from contraction of these muscles and of their chordæ tendineæ from endocarditic changes, so that the valves are unable to meet together; *d*, from a retraction into the ventricle of the leaflets of the valve from dilatation of the cavity, this serving to increase the distance between the point of origin of the muscle and the normal meeting place of the leaflets of the valve. Thus, although ring, leaflets and papillary muscles be normal, leakage occurs.

As all the conditions herein specified are subject to change, in some cases, as for example the last one quoted, to very rapid change, we need not be surprised at the great variations to be found in the physical signs in such cases. Drugs have vastly more influence in producing such changes than, for instance, at the aortic orifice, where the mechanical problem of closing the opening is much simpler. Thus an improvement in the tonicity and contractile power of the myocardium from the administration of digitalis may cause a leakage to disappear, as I have repeatedly observed, by its effect in abol ishing the dilatation of the left ventricle, thus bringing the walls of the cavity, where are attached the papillary muscles, near enough to the normal position to permit of efficient closure of the valve segments.

Roy and Adami believe that strophanthus acts particularly upon the papillary muscle. In leakage due to fault of this structure, an ncrease in the contractile power from the drug mentioned may possibly cause the murmur to disappear. The yielding of the ring is greater under conditions of increased blood pressure, but a murmur present from this cause alone is likely to be fairly constant because of the lack of elasticity in the structures composing the ring, and to consequent inability to regain its previous condition.

We know that the advance of a stenotic process at the mitral orifice lessens the gravity of a concomitant regurgitation by diminishing the size of the orifice. It is probably possible that a regurgitant murmur may disappear for a time by such a process. The most constant murmurs are probably those originating from insufficiency due to endocarditic defect in the leaflets, or to shortening of the chordæ tendineæ by the same process. Such murmurs are probably constant excepting as they fail from great lowering of the blood tension, although they may fail of transmission to the surface because of the intervention of effusions, or otherwise.

Allows no Insurance for Septic Poisoning.—In an action brought to recover on a policy of accident and life insurance the evidence tended to show that the insured, while suffering from some serious derangement of his system, which manifested itself, among other ways, by severe toothache, had two of his teeth extracted by a dentist, that there was a diseased condition of the membrane surrounding some of the teeth, and a general foul condition of the mouth; that the teeth were extracted in the usual way, but it caused a rupture of the upper maxillary artery, or a branch of it, from which a violent hemorrhage ensued, and to stop that the dentist plugged the cavities with cotton; that thereafter blood poisoning ensued from the absorption into the system of some chemic poison supposed to have been caused by the propagation of disease germs in the cotton, the seat of the affection being where the teeth were extracted, which blood poisoning progressed to a fatal determination. Under these circumstances the Supreme Court of Wisconsin reversed a judgment rendered against the insurance company. It holds, March 22, 1898, Kasten *v.* Interstate Casualty Company, that under a policy insuring a person against bodily injury sustained by external, violent and accidental means, with a provision for payment to a beneficiary or beneficiaries in case of death from such injuries within ninety days therefrom, independently of all other causes, and with a condition that the liability of the insurer shall not extend to injuries, fatal or otherwise, resulting wholly or in part from poison or anything accidentally or otherwise taken, administered, absorbed or inhaled, a death under such circumstances as above stated is within the condition set forth and creates no liability against the insurance company.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s*. Advertising Rates on Application.

BALTIMORE, OCTOBER 5, 1898.

THE NATIONAL CONVENTION OF INSURANCE COMMISSIONERS.

PRESIDENT HEGEMAN ON INDUSTRIAL INSURANCE.

We have read, and with increased pleasure re-read, the admirable paper, or rather booklet, of President Hegeman of the Metropolitan Life Insurance Company, on "Industrial Insurance," and do not hesitate to say that no contribution to life insurance literature exceeds it in importance and value. It is a fair and able examination and elucidation of a complex and little understood branch of insurance. The vast volume of business, in the aggregate, with the minute but numberless details of this kind of life insurance will be a revelation to many who will read this little volume. The defense which President Hegeman enters against attacks that have been made is not only conclusive, but ought to commend the business, in the future, to legislative encouragement in many respects.

President Hegeman takes "a glance at the conditions connected with the establishment of industrial insurance in the United States" in these words: "It must not be assumed that the planting of the seeds of industrial insurance in the United States has been among beds of roses. It has been confronted by opposition—at times of the most virulent nature. It has literally come up out of much tribulation. Applying for authority to work in the very State whose hospitality this convention is to-day enjoying, we were answered in these words: 'Your business is, for obvious reasons, wrong and against public policy, and a license is therefore respectfully denied.' A certain strabismic governor of a prominent New England State, in a speech delivered while seeking re-election, said: "It will be seen on page 8 of the Insurance Report that the commissioner recommends fully what is euphemistically called 'Industrial Insurance' . . . . This is not legitimate life insurance at all . . . . Such insurance is against public policy and ought not to receive public recognition in the State. . . . It should be discountenanced by every one in authority, and I, consistent with my duty to the State and with my conscience, cannot retain in office a commissioner who advocates it." And thereupon, for this offense and for making what he termed "favorable mention" of six companies (four ordinaries and two industrials), "I caused," he said, "the Commissioner of Insurance to be turned out." [Was that cross-eyed candidate re-elected?] Continuing, President Hegeman said: "Other States were like-minded as to the admission of the companies, and by still others a frigid welcome was extended." From that dismal reception the business has grown into phenomenal results, which Presi-

dent Hegeman detailed in all their remarkable features, as follows:

The gross assets of these companies (the 13 Industrials) December 31, 1897, in round numbers, were $76,000,000, of which about one-half may be credited to the Metropolitan, and 93 per cent to the Metropolitan, the Prudential and the John Hancock. The increase of accumulations last year was $12,483,844, of which that of the three companies named was $11,848,772, or 95 per cent. The amount of insurance written by all was $492,000,000—the three companies doing 92 per cent. The total insurance in force is $1,159,068,096, of which 95 per cent belongs to the three named. The premium income of all was $44,193,348, the three companies standing for nearly 94½ per cent. The united surplus was $12,649,377, about 87 per cent belonging to the two companies first named, and 94 per cent to the three. Their payments to policyholders during the year were over $16,000,000—the share of the three being 93 per cent. In all they have paid from the beginning more than $100,000,000. Their contributions to the State through taxes, license fees and other like charges (not, of course, including taxes on real estate) have, during the last five years, amounted to about $2,000,000. Though the ordinary figures of all these companies are included in these returns the great bulk of their business is industrial, and the public reports do not show the division of the two departments except as to policies and outstanding insurance. These latter reveal, in round numbers, 8,000,000 of industrial policies in force (of which we may observe that one-fifth are on lives under 10, and 80 per cent are on lives over 10), equivalent to more than the population, according to the last U. S. census, of all the territories and twenty of the States of the Union combined, and representing in round numbers one thousand millions of insurance. And all this without a rebate! The largest business ever written by any life insurance company of the world in a single year stands to the credit of one of the Industrial companies, and that was in 1894, when an average of more than a million of insurance a day for every working day of the year was written. The industrial insurance business is distributed over 40 States (and in Canada), about 30 per cent of it being in New York State alone, and nearly 60 per cent in New York, Pennsylvania and New Jersey. In one of these States the Commissioner observes in his last report that the industrial insurance written in his State during 1897 was greater by nearly ten millions than that of all the companies on the ordinary plan. We may here observe, parenthetically, that the universality of industrial insurance, even in its present development, is a marked feature of the business. It is rarely, if ever, that an unusual loss of life occurs on land or sea, by fire or flood, through epidemic or other disaster, but that industrial insurance is in evidence. For example: 400 persons were killed by the St. Louis tornado, and 68 policies were paid by the Metropolitan alone, in amounts varying from $15 to $700 each. In the Johnstown flood disaster it paid 61 policies. The sinking of the "Maine" brought 46 claims against the three companies to which we have specially referred. Before the Santiago naval battle one man was killed on the "Yankee"—and he was insured in the Metropolitan. During that battle one man only was killed—on the "Texas"—and he was insured in the Metropolitan. And so the illustrations might be indefinitely extended.

There are some 30,000 men in the service of the companies as agents. The Industrial operations of the three companies specified were inaugurated about 20 years ago, the other companies following during the intervening time, the company last named practically beginning this year.

Other Industrial institutions within this time have organized and been in operation for periods varying from eight years down; but, after wrestling with unpropitious fate, they have succumbed to the inevitable. The business is a difficult and expensive one to establish. We have already touched upon, though very briefly, the early experience of the Great London Prudential. In the company with which the writer is identified seven years passed—many of them fraught with dire discouragement—before the tide began to turn, and between five and six hundred thousand dollars were absorbed by expenses and plant before the business was regarded as self-sustaining. One item of the "plant" in this instance it may not be uninteresting to refer to. It knew that to attain leadership in the United States, the first requisite (next to competent internal management) was expert talent in field-work. It would have taken long years to educate a body of men in this country from whom large results could be assured. So it imported from across the ocean a body of competent, experienced workers in all the departments of field service. This was, of course, prior to the Alien-Contract law, and it somewhat prefigured Mr. Chamberlain's recently suggested Anglo-American Alliance! Including their families, some two thousand persons were thus added to the population of the United States.

President Hegeman then addresses his remarks to "Criticisms of Industrial Insurance," and defending the business from the charge of "unnecessary and unwarrantable expenses," very clearly shows why expenses are heavy and that the business could not be successful unless the expenses were large and liberal. In his comparison of expenses between ordinary life insurance and industrial insurance, he conclusively shows that the enormous details necessary to the successful conduct of the business of industrial insurance accounts for its large expenses, but that, notwithstanding that feature and that it takes 18 average policies in industrial insurance to equal the amount of one average policy of ordinary insurance, that the ratio of expense to income is only 2½ for industrial insurance to 1 for ordinary. Continuing his reply to criticisms, he unveils the workings of the Home Office of the Metropolitan Life Insurance Company as a means of illustrating the unavoidable and necessary expenses of conducting a business of infinite details. An "average of 25,000 applications per week" is the basis of the expenses. All these must go through each and every department, and be "separately examined and checked, passed upon by the medical examiner, the bad ones rejected, the doubtful ones postponed or ordered for re-examination by the local physician, the good ones passed, and the policies written, checked and sent by the following Thursday. As large a number as 80,000 applications has been thus received and passed upon within those few hours." That is but an outline of the work required. The actuary, with 125 clerks, must register all the essential particulars of the policies on cards—the reserve on policies issued and in force requiring the aid of 18 calculating machines. In that branch ninety-three millions of cards are handled each year at the Home Office, digesting the work of 10,000 men in the field, who collect upon over 4,000,000 of policies every week, and turn over $20,000,000 a year in ten-cent pieces. Such work illustrates that in life insurance by that company

> "Small service is true service, while it lasts,
> Of humblest friends, Bright Creature, scorn not one;
> The daisy, by the shadow that it casts,
> Protects the lingering dew-drop from the sun."

Elsewhere in this issue we permit President Hegeman to tell his wonderful tale of protection and beneficent work in his own words, and extend to him our congratulation for the success which he has accomplished, as well as for the interesting way in which he has explained industrial insurance.

MR. EMORY McCLINTOCK ON GENERAL PLANS, RESERVES AND INVESTMENTS.

The paper read by Mr. Emory McClintock before the National Insurance Convention, was intended more for insurance managers than either the insuring public or the States' superintendents. It is a broad criticism of existing plans of life insurance as practiced by old line companies, and by assessment and fraternal societies; the "General Plans, Reserves and Investments," being almost all that is essential in life insurance companies.

Always presupposing good, energetic and prudent management, Mr. McClintock lays down as fundamentals to success: first, that "plans must be attractive," but not so attractive as to be insecure, and that he finds to be the fatal fault with co-operative societies. Second, "payments

must not increase," for if they do, serious dissatisfaction is sure to follow, and disintegration will inevitably bring disaster. This second essential is illustrated by showing "how discontinuances affect death loss," and the necessity for "penalties upon discontinuance." The third essential is that discontinuance without compensation must not be permitted.

The discussion of these essentials is conducted with perfect fairness as to every character of company or society, and yet the logic and its conclusions bear with fatal consequences on assessment and natural premium societies.

In the "examples" used by Mr. McClintock, the plans, both existing and abandoned, come in for use as illustrations, but their discussion is conducted entirely without reflection on any company and solely from a scientific standpoint.

Keeping his three main principles always in sight, he proceeds in his argument to examine "plans for reduced local premiums" and "standards of mortality and interest."

His "calculation for single premiums," for "annual premiums" and "of reserves," even though made "without going into mathematics" are yet rather dull reading for any one not practically interested in the management of a life company. Nevertheless, they show that a trained and logical intellect, familiar with principles and practices, can, when occasion requires, dispense with the symbols and make even life insurance to be understood without the formulas which heretofore have been deemed necessary.

Laymen, like ourselves, who read all these papers, cannot fail to notice that the most eminent minds in the profession are by no means in sweet accord either as to principles or practices. Is there not evident conflict between Mr. McClintock and Col. Green as to the propriety or necessity of a reserve to be laid aside out of the first year's premium? Mr. McClintock's views on the "pressure of existing reserve laws" must conclude our review of this able paper, which will attract attention and perhaps criticism in the insurance profession.

PRESSURE OF EXISTING RESERVE LAWS.

The net reserve system has many elements of advantage, but there is one evil connected with it which it was heterodox to discuss thirty years ago, but which is now widely understood and admitted. This evil consists in the requirement that a reserve must be laid aside out of the first year's premium. I am speaking particularly of ordinary life policies, and what I have to say requires qualification if applied to any other form. It has long been recognized that the expense attending the procurement of business is so great as to permit no actual accumulation of reserve out of the first year's premium. The risks have just passed the doctor, it is true, yet death losses will occur within the first year, and must be paid. Apart from the commissions to agents, there are other well-known expenses attending the prosecution of new business, and these other expenses are in some companies greater in amount than the commissions paid for new business. While not always strictly true, it may be laid down as a general statement that the commissions and the other expenses taken together will use up pretty much all of the first premium.

The highest living authority, Dr. Sprague, of Edinburgh, called attention some time since to the fact well known in Great Britain, that the expenses of new business practically consume the first premium, and proposed that the reserve should begin to be accumulated out of the second premium. There is much to be said for this proposition, particularly in the case of companies newly organized which have no assistance from any of the sources of miscellaneous profit which an established company possesses, such as annuities and non-participating insurances, and no penalties contributed by retiring policyholders towards the expense of replacing the discontinued risks.

While other causes were at work, the chief cause of the universal slaughter of small companies which took place about twenty-five years ago was the legal requirement of a reserve in the first year of each policy. The energies which in this growing country might have been turned toward the establishment of new and prosperous life companies were directed by this reserve difficulty into another channel, and a great cry arose for life insurance without reserves. Had Dr. Sprague's proposal been available under our laws, we should have heard comparatively little of assessment insurance with all its good and all its evil.

What is the remedy? The old life companies do not need one; and yet there should be no legal distinction between them and the newer organizations. As regards the latter class, at any rate, the remedy is plain. Make no attempt to enforce State valuations. Repeal all laws assuming to regulate contracts. On the other hand, require of every society absolute publicity concerning the essential elements of its accounts, including its reserve valuations. It is many years since I first had occasion to express my opinion on this subject. My advice then was given in two words in which I sum up my advice now: FREEDOM and PUBLICITY.

HON. JOHN A. FINCH, ON "THE POSSIBILITIES OF NATIONAL SUPERVISION," AND JUDGE D. OSTRANDER ON "FIRE INSURANCE."

Two papers on the Supervision of Insurance were read at the convention of insurance commissioners. One, that by Mr. John A. Finch, representing the State of Indiana in the convention, was a direct discussion of "The Possibilities of National Supervision," and in the other paper by Judge D. Ostrander, the subject was incidentally treated in its connection with "Fire Insurance."

As indicating the drift of public opinion in the direction of finding a substitute for and relief from State supervision, the fact that in a convention of State insurance officers, not a voice was heard, especially and particularly defending its methods, or advocating its right to live in the coming century, cannot escape attention; and, on the other hand, the fact that the representative of Indiana in that convention was pronounced in the expression of his conviction that the "damnable iteration" of forty-five State insurance departments ought to be abandoned, is also significant when he says: "If one department could be created by Congress with all the necessary powers now exercised by the forty-five States, it would be an immense saving to the policyholders and an additional guard for the solvency of the companies. That the managers of the companies could better perform their duties as managers when under the supervision of but one department, rather than under the supervision of forty-five departments, needs no argument."

About the creation of that "one department" by Congress, Mr. Finch submitted an able examination of the rulings of the Supreme Court, as already delivered, with the conclusion that notwithstanding grave doubts as to the power of Congress to regulate insurance as part of commerce, he "would welcome an effort that would test the right of Congress to enact a law creating a bureau under one of the departments, that would so change the present system of having forty-five bureaus doing, or attempting to do, what one efficient bureau could better do," with the further remark that "such a bureau could only affect companies doing interstate business;" and that "it would not affect the States in their regulation and supervision of local companies," is an endorsement of the Platt Bill now before Congress.

The position taken by the BALTIMORE UNDERWRITER on the subject of National Supervision finds complete endorsement under the reasoning of Mr. Finch—that it is necessary and desirable, *if constitutional*, and that that can only be settled by the ruling hereafter of the Supreme Court on a law of Congress regulating interstate insurance.

The division which exists among insurance men on the subject of supervision, is along the line of the *possibility* of national supervision, and not as to its desirability. Mr.

Finch's paper states the subject in all its difficulties and uncertainties, and is, therefore, most timely and appropriate. We do not attach any importance to the appendix to his paper as to the views of State insurance officers. That the preponderance of opinion among them should be against national supervision was to be expected, but that some of them should advocate the change from State to national supervison shows that dissatisfaction exists even among State officials, because "companies are ousted for not paying disputed claims; they are ousted for not paying taxes which, by previous interpretation, were not held to be due; they are ousted, or threatened with ouster for alleged sins of omission and commission without number. The very air has been burdened with report of clashes between companies and departments as to the construction of the insurance laws."

What action the convention thought proper to take upon this arraignment of the practices, methods and derelictions of State insurance departments may appear in the publication of the full proceedings. But no vote of the members can alter the effect of this paper by Indiana's representative.

The incidental discussion of supervision by Judge D. Ostrander has all the force which his eminence in the profession necessarily carries. His endorsement and advocacy of national supervision is another example of the growth of opinion against State supervision. When we find able men devoting their time and talents to the advocacy of national supervision, as both economical and constitutional, and urging the change from State supervision in the very face and to the teeth of State insurance superintendents, one is likely to conclude that the old system has been weighed in the balance and found wanting for every requirement of insurance at the beginning of the twentieth century.

But Judge Ostrander's paper dealt primarily and principally with fire insurance, and incidentally only with its supervision. His "conclusion of the whole matter" is, that "nothing should be added to increase the cost of a policy that is not required to make its security absolute." Notwithstanding that proposition is axiomatic the insurance business is loaded down with a superabundant and excessive superstructure, neither indispensable nor æsthetic. Taxes which the State could dispense with and ought to abandon because they cannot be laid with equal incidence, but fall only on the provident, are heavy, unequal, and burdensome. Supervision which does not supervise, is an unnecessary expense to the policyholder, out of whom it must come and from whom it can only be exacted. These are elements in the price of insurance, hence Judge Ostrander says: "It is a maxim that 'for everything we have we must pay the price,' but it is our right and sometimes even our duty to inquire whether the price is a reasonable one." And if the State is engaged in increasing that price, is it not also a duty, incumbent on the purchaser of insurance, to exert all his influence and to use his vote to compel the State to change a policy which inflicts unequally the burden of taxation? But it is best to let Judge Ostrander state his own case.

"The underwriter is the agent or middle-man; he collects premiums from the many and pays losses to the few. While only a small portion of those who pay the premiums ever receive the contingent indemnity promised, all are incidentally benefited; all are relieved from the apprehensions of a possible loss. Anxiety in regard to an unexpected and unprovided for class of misfortunes is dissipated; statu quo is assured and confidence fortified. Now this is important, for it promises stability, and out of this promise comes the courage to undertake and the assured power to accomplish great enterprises. Disasters come, but they are repaired; credit is undisturbed and a long train of complicated evils, affecting many interests and many persons, become only temporary or are wholly turned aside. Without the guarantees of the insurance office credit would be restricted and every business operation, large or small, would require a reserve capital—something withheld from the venture to make good a class of losses which are always liable to befall. Take away the insurance policy and the limitations of the business man will be restricted, timidity will take the place of confidence and thus his usefulness will be diminished. Our great merchants and manufacturers are large borrowers of money; credit exists only by confidence. This is based on security. When that is taken away the loan will be withheld or rates of interest advanced to cover the speculative character of the ventures. The lender in such case frequently becomes a partner in the business to the extent of sharing in the losses occasioned by fire, and will not assume the perils of responsibility without the promise of a commensurate remuneration.

THE ASSEMBLAGE OF FIRE UNDERWRITERS.

While it is impossible for one not engaged in the practical work of fire underwriting to express an opinion, worth any one's consideration, as to the rates which ought or ought not to prevail in the city of New York, yet it requires no very great experience to see that the spectacle of demoralization in that city, whatever may have been its cause, or whoever may have been responsible for its existence, is one which is bringing discredit upon the management of and loss to the fire insurance business. This wrangle between the companies has not done any of them any good, and the sooner it comes to an end the better it will be for all of them. If rates cannot be agreed upon, if co-operation in maintaining rates cannot be had, then the subject had better be dropped out of sight; its late condition has not been edifying. "An experienced local underwriter" is quoted by *The Spectator* as saying: "Disloyalty or, more properly speaking, dishonesty among members has been the chief cause for the disruption of every local organization since 1870." That is a very severe indictment to appear in an insurance paper of the members of the organizations, and the public may naturally want to know how men who are "dishonest" in their relations among themselves, and in the management of organizations of vital importance to their own interest, can be faithful and honest towards their clients. But this "experienced local underwriter" is permitted by *The Spectator* to go further and indicate that honesty can only be secured by a fund contributed in advance by the members out of which those who suffer from acts of "dishonesty" are to be compensated. To all that, *Insurance* quotes the late Mr. Edmund Driggs as saying: "Honor is a very fine thing to talk about, but as a collateral it ain't worth a damn."

The great outside public looks on with amazement at such admissions of underwriters and the insurance press, and gathers its forces together for protection by law, and by supervision. It will not do to say: "The public be damned." It has the power of damning and may not be slow to exercise it. The contention has widened to the insurance press, and *The Surveyor* contends that a tariff association is unnecessary—"that each company is the best judge for itself of the price at which it can safely underwrite a given hazard; and it should not be compelled, if it wishes to write the risk, to write it at a rate either higher or lower than it would ask if left to its independent judgment."

That is the argument upon which all legislation in restraint of organization for maintaining rates is predicated. It is the contention of every agitator against "trusts, combines and corporations," and has done much by its speciousness to effect hostile legislation. Now it finds approval in an insur-

ance journal, and is enforced by the further argument that "the principle of mandatory uniform rates for all companies is one calculated to minimize the advantages of an individual judgment founded upon a hard-earned experience;" that it is opposed to the universal principle of freedom of action and the survival of the fittest;" and that "it is therefore opposed to both public and private policy."

That is but another way of stating the old and worn out maxim that "Competition is the life of trade," when, in fact, it is well known to have been oftener the death of the trader than the life of the trade. It was arguments like these that caused the enactment of law in Virginia against the S. E. T. A. and has practically driven that organization out of that State. Whenever the underwriters "abandon the futile effort to reconcile differences of opinion on rate-making" in New York City, it will be but a short time before they will be driven by public opinion and public law to do the same thing in every other community. "Freedom of action and the survival of the fittest" cannot be confined to New York City, but when once announced to be the policy of the underwriters for that city, it will be but a short time before every other city and all the States will enforce the same anarchy in every place where underwriters congregate.

We do not feel competent to advise any course of action about rates—it is too strictly a "matter of the shops" for an outsider to venture upon. But harmony and co-operation, united action on every subject, compromise of opinion and "hanging together" rather than being hung separately we do most earnestly advocate.

The meeting of underwriters which assembled on the 20th of September in New York, at the request of President Irwin, has recognized the force of all we have said above. The resolutions offered by President Irwin as well as those adopted by the meeting recognize the very duty and policy we have indicated. Harmony and co-operation is to prevail in the future with "rates down to a basis where he who cuts them cuts his own throat." That remark of Mr. Sewall "hits the nail on the head and drives it home."

The debate which followed the excellent conciliatory address of President Irwin, was marked by the same spirit that actuated his remarks. The changes made in the resolutions offered by President Irwin, do not appear to have been of very great importance. At any rate the adoption of resolutions by so large a number of companies, that "a proper and comprehensive tariff association to rate and govern the fire insurance business in the Metropolitan District be formed without delay," is a step in the right direction, and indicates that it is the purpose of underwriters to abate the anarchy which has prevailed so long in that district.

The absence from the meeting of so many of the New York City companies is to be regretted, but recognizing that their management understand their own interest better than we do, the hope is indulged in that all may yet unite in reviving and maintaining a tariff association, where all interests will be promoted alike and equally.

The spirit evinced by Managers Sewall, Litchfield, Babb, McIlwaine, Mr. Ackerman, Mr. Kremer, Mr. Hutchins and others indicates the purpose of getting together, and we hope will keep the companies in harmony. The money-forfeit feature was advocated by Mr. M. Lewin Hewes, and found recognition, not in a "fund" previously *anteed*, but in the power of the Grievance Committee to "impose penalties."

Local Matters.

Messrs. Birckhead & Son have been appointed agents of the Manhattan Fire Insurance Company of New York.

The Maryland Casualty Company having deposited $250,000 with the Insurance Department of New York have been licensed to do business in that State.

Insurance Commissioner Kurtz was elected a member of the executive committee at the recent meeting of the Insurance Commissioners held in Milwaukee.

Mr. Frank C. Horigan, of Washington, D. C., has been appointed manager of the Northwestern National Fire Insurance Company, of Milwaukee, with headquarters at 6 S. Holliday street.

The Pennsylvania Fire Insurance Company of Philadelphia has been awarded the contract to insure the schoolhouses and contents in Baltimore county, their bid being $3.75 per $1000 for three years. The estimated value of the buildings and contents is $274,150.

Mr. J. Ramsay Barry, general manager and secretary of the Merchants and Manufacturers' Fire Insurance Company of Baltimore, with the assistance of his family and friends, has bought a large controlling interest of the company's stock. Certain changes will be made in the directory, and as to what the future will be, time will tell.

Messrs. Geddes & Manson have dissolved copartnership, Mr. Geddes continuing the agency business with the Prussian National, Hanover, Hartford, Scottish Union and National and the Philadelphia Underwriters companies, with office at 38 S. Holliday street; and Mr. Manson has been appointed a special agent for the German American Insurance Company of Baltimore, and will retain the local agency of the Commerce, of Albany, N. Y.

The committee of five, consisting of Messrs. John C. Boyd, Jas. A. Richardson, Charles Kraft, Martin Meyerdirck, and Claude Worthington, which was appointed at the July meeting of the Association of Fire Underwriters of Baltimore, have prepared and sent to all the members, a substitute for Rule 15, as regards agents and solicitors, asking for an expression of their views, so that they may be submitted to the regular quarterly meeting that will be held on the 11th of October.

Chief W. C. McAfee of the Fire Department has made a most excellent recommendation to the Board of Fire Commissioners: that each of the wagons of the Fire Department, of the police and fire alarm shall be supplied with restoratives, bandages, iodoform gauze, surgical scissors and needles, stimulants and medicines for instant application for the relief of firemen overcome by heat and smoke.

Dr. Alexander Hill, chief surgeon of the department, has approved the suggestion as one of great practical usefulness, and Fire Commissioners Muller and Short have also given their approbation.

This first aid packet idea came to Chief McAfee from his observation of the use of the same in the army.

"I concluded that the plan would be a good one for the fire department," said the chief, "where we often have men injured far away from a surgeon or a hospital. I had been thinking of the project quite seriously, when at a recent fire I saw one of our men badly injured in the leg. He was carried into a nearby drug store and treated in just such a manner as proposed in the first aid packet idea. Similar cases have often come under my personal observation. Men have suffered simply for the want of a stimulant or a bandage."

These packets will always be on hand, because at least one district chief always attends every fire, and while the surgeon is not present at first alarms, there is always on hand some one who, following the directions appended to each packet, can bring instant help to the injured. These cases, in water-proof covers, are to be kept in the wagons at all times, and the instructions will soon become familiar to all the men, for none are more disposed to learn how to help a wounded comrade.

This city takes the lead in this new departure, and Chief McAfee has shown himself in this, as in other duties, deserving of all praise.

CORRESPONDENCE.

THE NATIONAL LIFE UNDERWRITERS' ASSOCIATION.—AFTER LONG SILENCE, DISGUSTED DELEGATE BOBS UP AGAIN.

Editor of the BALTIMORE UNDERWRITER:

Pardon another trespass upon your columns. There is prospect of more trouble and blood on the moon. Another innocent has tempted fate. "Delegate," who seems not to recognize the sacred character of the National Life Underwriters' Association and the infallibility of its managers, has ventured to ask questions through the columns of *The Insurance Monitor*. Verdant youth, as he evidently is, he wishes to know whether the Association is a business or a social organization. Article II of the constitution declares the object of the association to be "to advance the best interests of true life insurance throughout the country." To those familiar only with the meetings of the association and who judge its object by the proceedings, the above quotation is undoubtedly wholly in the nature of news. "Delegate," who evidently was there, says of the last convention at Minneapolis, that as a social gathering it was a great success, but as a business meeting a failure. Ye gods! What temerity to make such a statement. If he will read the history of these conventions he will find there have been eight others, all of a kind. That fact he should have known. It is common knowledge. In the weak impression that harmony and a good time make for perpetuity which the managers have foolishly supposed would be imperiled by any action of a practical nature they have, as "Delegate" forcibly asserts, "completely devitalized the organization from the standpoint of business efficiency." "Delegate" has a clear idea of what the National Association has accomplished if he does not understand the avowed purpose of its organization.

While to one not in the confidence of the mystic circle of control, and "Delegate" evidently was not, the main feature of the several conventions has seemingly been the entertainment afforded, with the reading of what he calls "dry platitudinous papers" secondary, and the extent of entertainment offered a controlling factor in the selection of future places of meeting, as witness the selection of Milwaukee and Minneapolis over Indianapolis and other places, yet Brother Oviatt's answer—"we are here on dress parade because dress parade means a willingness to do picket duty"—to his question, "What are we here for"? is clearly correct, when one remembers that that particular picket line is clearly and distinctly marked by the edge of the dining table, and its accompanying rifle pit is always found among the luxuriously stuffed cushions of an easy-riding carriage. The cold fact, however, is that it is on the firing line where bravery and heroic devotion to duty at risk of health and life has most abundantly been shown. What were El Caney and San Juan Hill compared with what was familiarly called "Ashbrook and Plummer's free bar," at Philadelphia, or Bowles' Bacchanalian orgie at Milwaukee, or the midnight revel at Minneapolis, rivalling the Chicago Saturnalia? These were the firing lines whose reckless bravery made picket duty seem as boys' play. It is a sad and solemn fact that there have been some scenes that might make an uninitiated delegate think for a fleeting moment that social, not business matters, claim the main attention of the members of the conventions. And "Delegate" seems to have been thus impressed.

With misplaced exuberant enthusiasm over the idea that by change in some of its methods, the National Association could be made a potent instrument of reform, of progress and of benefit to life insurance interests, I some three years ago through the columns of your outspoken publication, called attention to the fact that the association seemed to worship wholly at the shrine of the god Junket, and that some of its most prominent managers had announced its purpose to be merely to promote good fellowship. I thought all this wrong then. I think so now. I believed then as now that good fellowship could best be promoted in and by the local associations, and that a higher and better line of action should be adopted by the National. I gave my reasons for so thinking. I soon found I had intruded where angels would fear to tread, and that to question the absolute wisdom of the National Association's plan of procedure or the infallible conduct of its management was a crime compared with which burglary was a virtue and forgery the mark of an honest man.

I did not provoke, as I wished, free and fair discussion, out of which I hoped good would come, but instead, found I had simply opened vials of wrath whose contents were mercilessly poured upon my defenseless head. I learned all this from a few insurance journals which honored me in noticing my communication. That is, they at once attacked *me* but let severely alone my criticisms.

The Standard, with its usual careful avoidance of discussion, and with sublime indifference to the charges and statements in my communication, proved the exceeding value of the association's then plan of procedure and the exalted wisdom of its management by the courteous assertion that I was "wofully ignorant."

The Investigator, with its wondrous power of self-introspection and memories of "a past," jauntily brushed aside my feeble effort with the unanswerable argument that I had flaws in my character.

The Age, in one of those sparkling, brilliant, brief editorials, for which it is both noted and notorious, and which, when read with proper inflection and emphasis, often make the editor and his neighbor's mule hee-haw in robust unison, directed me to turn my toes away from future conventions. And last, but not least, Meandering Mike, the Weary Waggles of insurance journalism, known at that time as Matthew Marvel, having returned home after a day's hard tramp along his favorite free lunch route, and seated before a mirror, dealt me a solar plexus blow which deprived my already prostrate form of what little breath remained therein by writing to *The Indicator* that I was a gorilla, himself remaining, however, otherwise and totally oblivious to what I had written. Thus, at once, by resistless logic and irrefutable argument, both myself and my communication were metaphorically wiped from the face of the earth; the high plane upon, and the high morals and fairness and decency with which these insurance journals are conducted, was shown to a wicked and a wondering world, and the sacred aureole of the National Association lifted far above the touch of polluting hands. Though hard to bear I have secretly admired the Dewey-like way in which these high minded publications met and overthrew my communication. If the compound assertion that I was a wofully ignorant gorilla with flaws in my character, did not prove that my statements were untrue, my arguments weak, my criticisms without point, and my questions most foolish, and the National Association to be conducted upon the highest imaginable plane and productive of the utmost possible good, then logic is but as the babble of babes and the English language an absurd vehicle for the conveyance of thought. Now, Mr. Editor, what will become of "Delegate" when these eminent exemplars of journalistic courtesy and common decency tackle either his article or him? Will he recognize his portrait when they draw it? I have toted my burden of grief and have bandaged my wounds alone these three long years, but I now await that company which misery loves.

The mill does not again grind with the water that has passed, nor does powder that has been burned propel a second shell. Therefore I reckon I shall not again be attacked. If these papers are true to their convictions and records they will attack him. Such slander should not go unpunished. I am safe. Let him hunt cover. I write for him and that by the recital of my horrible fate he may take warning and flee from the wrath to come.

Just, Mr. Editor, as I had penned the last line *The Insurance Post* of September 17 came in. Cover is found. Let "Delegate" take refuge behind an editorial on page 125. The editor of the *Post* says "What is wanted is less of spectacular performance and more of practical interest and practical value. Likewise more practical effort and practical results." What will the *Standard* and *Investigator* and *Age* do to him and say to that? Are there now three wofully ignorant gorillas—the editor of the *Post*, Delegate and myself—running around loose?

Having read the *Post* at the risk of being declared guilty of high treason, but in entirely good faith, I presume to venture a suggestion.

At the next convention let at least one session be set apart for discussion and action upon such practical plans for the advancement of the best interests of life insurance as may be offered. Any such plan whether directed to practical work in the field, to the local associations or to the home offices for consideration and action would, if adopted with substantial unanimity, be at least received kindly and its merits considered. This session should not be open to the public. It should be confined to delegates, to insurance journalists and such visiting life insurance men as may be in attendance upon the convention. A committee on resolutions should be appointed from the delegates at the first session, to whom all resolutions for consideration at the secret session, if one may so call it, should be referred. A box wholly under control of such committee might be conveniently placed, in which any delegate could deposit a resolution

or suggestion without offering the same in public session. The committee should at the secret session report upon every resolution or proposition or suggestion offered, and their report should be debatable by each and every member and then be acted upon by the convention.

This scheme would not do away in the least with the entertainment feature of which I am very much in favor. The dress parade, the picket line and the rifle pit would still be in evidence. Nothing of the present should be lost. But in addition an effort for practicalities should at least be made. Let the executive committee adopt and announce such a plan sufficiently in advance of the next meeting and see what comes of it.

One word more to the *Monitor* correspondent. There are others who, with you, would like to see the National Association more of a business organization. That it should be, is somewhat in the air. Don't flinch if you are attacked and your motives impugned. Keep on, express your views, attend the conventions, endeavor to make them what they should be, and when you find your efforts are fruitless and that Ephraim is joined to his idols, let him alone, and then you will be entitled to become, as I did long ago, a

DISGUSTED DELEGATE.

LETTER FROM NEW YORK.

BALTIMORE MATTERS.

The announcement that the Merchants and Manufacturers had been bought up by Secretary Barry, his family, and his immediate acquaintances, took us a little by surprise. We had, it appears, named wrongly, another purchaser. We know a number of companies have sought to obtain control of the stock, and if failing in that, to secure the reinsurance in case the company decided to retire from business, but we understand a deal has been closed, and in a short time will be announced to the public. It is a good one for the company securing it, as well as fortunate for the Merchants and Manufacturers.

We noticed Mr. Macaulay Birckhead "on the street" this week. He appeared quite a New Yorker, as nonchalantly important, as much at home as if "on his native heath." He is in good company with Mr. Armstrong's "Manhattan."

STILL THE ONE THOUGHT, "THE COMPACT!"

Mr. Irvin's meeting of the 20th was held as announced, in the rooms of the board of underwriters. About two hundred, directly and (as representatives of various companies) indirectly invited persons were present.

Mr. George P. Sheldon (Phenix of Brooklyn) was called to the chair, and with Mr. Irvin, (Fire Association of Philadelphia) and Mr. Sewall (Commercial Union) took up most of the time of the meeting. We noticed Mr. Hewes, of the Howard of Baltimore, and Mr. F. E. S. Wolfe, of the Firemen's, but except for a few words from the former, they were silent spectators. These resolutions were passed:

"*Resolved*, First—That a proper and comprehensive Tariff Association to rate and govern the fire insurance business in the Metropolitan District be formed without delay.

"Second—That all coinsurance and restrictive clauses be restored at once.

"Third—That the territory to be covered should be the same as that covered by the late Tariff Association.

"Fourth—That rates be made low enough to prevent excessive brokerage, and to discourage unfair competition from non-members, and all risks in the territory of the Association be rated by minimum or specific ratings at the time of the reorganization of the Tariff Association and by schedule as soon as practicable.

"Fifth—That proper provision be made to secure the co-operation of brokers with the associated companies.

"Sixth—That branch offices and solicitors be restricted so as to prevent evasion of commission rules and employment of brokers as branch agents.

"Seventh—That brokerage be limited to 15 per cent on all classes of business and rebates abolished.

"Eighth—That protection of members against all outsiders be provided for.

"Ninth—That penalties for violations be provided for. A money forfeit recommended.

"Tenth—That local agents throughout the country be protected by a limitation of New York brokerage on outside risks, and requiring that Local Board rates be obtained when written in the Metropolitan District.

"Eleventh—That members of the Association be preferred in all reinsurance and business not be placed with outsiders until members have full lines.

"Twelfth—That provision be made for a strong, disinterested grievance committee to try charges, with power to impose penalties and interpret the rules."

It was further agreed that the chairman should appoint a committee of fifteen, to make rules for a tariff compact, with these resolutions as a guide.

All the resolutions were passed unanimously except the tenth—and in this representative meeting of companies there were four men who declared for war on all tariffs but that of New York, and for unlimited brokerage on out of town business—a pretty quartette, forsooth, to aid in the formation of any association for good practices!

The Continental, the Westchester and several other companies were not represented at the meeting.

Talks with various managers and agency-brokers brought out several points. There is undoubtedly a very strong feeling in favor of a tariff, but there is a very sore feeling in many quarters against the men responsible for the present condition of things. They are fairly well known. Several take a prominent part in tariff proceedings and had, of course, to say something at the meeting, but the presence of any one of them on the Sheldon committee means "no compact."

What have the companies to lose more than they have lost? This year's business is already placed—and much of next year's, by term policies—and what little business remains to be placed will cut more into next year's business by term policies—can they lose much more by waiting a few months longer? The piratical cut of rates by compact and non-compact companies under the tariff resulted in entire loss of business—are the honest companies losing much more now by the cut rate? Those who use these arguments say that the unanimity of the meeting was on the surface and that the silence of many men meant more than the speech of others.

The agents of out-of-town companies and especially the managers of their New York offices were almost unanimously in favor of a tariff, many declared that this movement meant a tariff without doubt, that it would be carried through at all hazards. The wish is father to the thought.

One sentiment was to be found *almost* everywhere. That whether there should be a tariff or not depended entirely upon the chairman's choice of a committee. There is no lack of good material, of strong material, but it looks as if *willing* material will be hard to find.

The committee's work will be hard, thankless work, and the chairman may as well for some months locate in the rooms of the Board of Underwriters, as he will do little else but committee work for several months.

After a careful study of the situation since the meeting, it looks as if we were much nearer a compact because of the meeting, but that a compact will not be the direct result of it. *New York is not yet ready for a tariff.* It is getting ready. Your esteemed contemporary, *The Journal of Commerce and Commercial Bulletin*, is a very fair index to the state of matters here generally, it does not lead, it follows.

On the 26th it pointed out the singularity of the present movement for combination, in that the "plan of organization" and "well-known stumbling block," such as "recognition of brokers, extra representation by underwriters' agencies," etc., are less thought of than the men who are to be placed on the various committees.

And yesterday (27th) in a leading article a prominent underwriter is quoted as saying, "Let us make the rates so low that he who cuts them cuts his own throat." The comment upon this is as follows: "If this principle prevails in the organization in conjunction with the strong feeling against putting any unscrupulous or weak men on committees, the hostility of the assured is not likely to be very marked and the body will have the respect of its members, a state of affairs which did not exist in the late association."

We see no reason to change the opinion we have more than once expressed in these letters—others are evidently going to be with us in their opinions, viz.,—that there will be no lasting tariff

in New York until the rates are so adjusted that no one class of business shall average more profit than another class, and that the rates are low enough to make it unprofitable to cut rates or pay high commissions.

When this is done the "stumbling blocks,"—"dual agencies," "high commissions and high brokerages," etc., will not require any committee to regulate them—the whole strength of the committee can be concentrated on the rules which are to regulate the making of the rates.

It would be amusing, were it not amusement purchased at too high a figure, to note the action of the Kansas Insurance Commissioner in sending Mr. Foote to examine several of the largest and soundest and best known insurance companies in the world for the special benefit of the Kansas policyholders. It is fortunate that the commissioner made so good a choice. The examiner is evidently a very "expert expert." It is not any ordinary examiner who could get through the examination of a large Philadelphia company in 115 minutes, though any kind of an expert could make out a bill for just one dollar a minute. We hope Mr. Foote had a pleasant trip; he evidently makes politics pay. A.

LETTER FROM ATLANTA.

Those companies operating in the States of Mississippi, Alabama and Louisiana in the life insurance line are doing little or no business in those States, on account of the yellow fever having broke out in that field. In the city of Jackson, Miss., it is hard to find a business man at all, nearly everybody having left that place. Companies doing business in these three States will receive no business to amount to anything for the next two or three months, as nearly every agent in this field has either gone to Louisville or to Atlanta. There are many of these fellows in Atlanta endeavoring to secure business here. Yellow fever simply stifles the business in Louisiana and Mississippi.

The Royal agency at Atlanta has been changed from W. P. Pattillo to Humphreys Castleman.

John T. Moody who was a member of the firm of Moody & Brewster, wholesale dry goods and notions, which firm went into the hands of a receiver and Moody was convicted in the courts here for fraud, has had a receiver appointed to take charge of his life insurance policies, all of which will probably be surrendered for cash value, and the amounts secured therefrom will go into the hands of the regular receiver to help pay the debts owed by said Moody. He carried about $20,000, and it is claimed several thousands can be obtained on these policies.

The grand jury of Franklin Circuit Court at Frankfort, Ky., has indicted seventy-four leading insurance companies doing business in that State, charging them with conspiring against competition and formation of a trust to prevent competition in the fire insurance rates of that State. Such indictments as this have been made before in other States, and of course all the companies interested will fight the indictments to the bitter end.

It is with great pleasure that the many friends of Mr. John Ashley Jones, who is special agent for the New York Life in its Southern department agency, receive announcement of his approaching marriage which will occur on the 12th inst. at Trion, Ga. Mr. Jones will wed Mrs. Algood King, a charming lady of both wealth and culture, of Trion. There is no insurance man in the State of Georgia who has more friends than Mr. Jones, all of whom are congratulating him on his approaching marriage.

Among the many prominent insurance men who are staying in Atlanta as refugees during the yellow fever scare are Mr. Robt. B. Mims, General Agent of the New York Life for Mississippi, and Mr. W. E. Mallett, a prominent insurance writer who resides in Jackson, Miss. These two gentlemen are amongst the largest life insurance producers of the State of Mississippi. Mr. Mims writes the large amount of $2,500,000 in his territory in Mississippi each year. He has the largest life insurance agency in that State. He is stopping with his brother, Major Livingston Mims while in Atlanta.

Atlanta and Fulton County, Ga., can boast of having the finest new jail in the Southern States, one that has every modern improvement that recent inventions can give. The insurance men were invited to inspect this new building during the past week by the County Commissioners, and Captain Gay, of the Association, pronounced it one of the finest built buildings, from a fire insurance standpoint, he had ever seen. He said it was simply impossible for the building to be destroyed by fire. The fire rate on this building will no doubt be very low.

The Scottish Union and National have placed one of their agencies with W. P. Pattillo in Atlanta. This fills the opening made by the Royal in Mr. Pattillo's agency.

The city of Mobile, Ala., will put in a new alarm system. They have advertised for bids for a new system, all of which will be of great value to the insurance fraternity of that city. Mobile needs a new system badly.

The Royal Exchange Assurance Corporation of London has entered the southern field and appointed Mr. J. W. Beilstein as general agent for eleven States. His department will cover the States of Georgia, Kentucky, Tennessee, Alabama, Florida, Mississippi, Louisana, Texas, Arkansas, North and South Carolina. This company is one of the largest English companies in existence. The appointment is a splendid one as Mr. Beilstein is a very popular insurance man in the Southern States. His headquarters will be in Louisville, Ky.

Mr. Andy King, who has been in the New York Life Southern Department office at Atlanta, Ga., for the past six or eight years, has been transferred to the Louisiana branch by Superintendent of Agency Cooney. Mr. King is an old Atlanta boy who has many friends to regret his transfer from this city.

It is said that the article which appeared in the last issue of this paper under this column, which told of the proposed bill which would be introduced in the next Georgia Legislature to abolish the Tariff Association, has caused much comment. There is no doubt but that the boys are fixing to stop any such bill as this, if such a thing does come up, and it is sure to come. They are preparing to fight such a measure with all their might. From new information recently received it can be certainly said that this bill will come up and be vigorously championed by its author as well as many of her influential members of the Georgia Assembly.

The fight for councilman between Mr. Joel Hurt and John Parks from the fifth ward in Atlanta, both of whom are members of the insurance fraternity in Atlanta, is warming up right. This promises to be one of the closest races ever waged in this city; each one of the candidates will receive a share of the insurance vote of this city.

It is a strange fact that with all the insurance department offices that are located in Atlanta, and all the insurance men that live in this city and those that travel and make their headquarters in Atlanta, there is not an insurance company building, one which was built directly for its department offices like the L. L. & G., in New Orleans, situated in this city. Of course there are many buildings which are built from moneys secured from insurance companies but there is not a department building situated in Atlanta, and of all the places on earth, this place is one that should have such a building. It is surprising that the N. Y. Life, The Equitable, or The Mutual Life, or many of the other large life companies do not have a department building put up in Atlanta. Then there are many southern department agencies in the fire line that need such a building in this city, and yet with all the companies that do their southern department business through Atlanta, none have put up a building here. There is no question but that such a building would be a paying investment to any company, as all the large office buildings in this city are well filled with tenants and the investments are paying ones. There are several buildings named after companies, such as The Equitable and The Prudential, but none are department office buildings, owned strictly by the companies they are named after. Atlanta needs more insurance buildings. The first company that starts the ball is the one that will make the most out of it.

There has been no settlement in the matter of fire insurance rates in Macon, Ga., and the fight that Mr. Henry Horne has promised the agents in that place on account of what he thinks are high rates, promises to be a brilliant one. Mr. Horne represents the Germania and The Manhattan Fire Companies, and he proposes to write insurance at cut rates in Macon. When he starts the ball to rolling he says that he is going to write more business than he can talk about. The war seems to be on between the agents in that city. The fire insurance agents in Macon are a peculiar set of fellows any way. They have never been able to get along in their family household pleasantly. Somehow or other every one seems to want to knife the other and the outcome has been a continuous fight all the time. They have never been able to amicably get along together. This rate war will get them further apart or it will get all the rest of them in one compact against the Hon. Henry Horne. There is lots of fun ahead in Macon, and it will be quite interesting to watch this little spat between the boys. X. Y. Z.

NATIONAL CONVENTION OF INSURANCE COMMISSIONERS.

EXTRACTS FROM ADDRESS OF MR. JOHN R. HEGEMAN ON "INDUSTRIAL INSURANCE."

There is much of meaning and significance in the work done by Industrial Insurance in this country, as we have here briefly sought to outline it. First, it bears unquestioned evidence to the fact that a legitimate demand has existed among the great mass of industrial people throughout the United States for some reliable form of family insurance adapted to the slender means at their command. Energy and skill may do much toward making a demand apparent; they may, for a time, make things appear natural that are purely artificial. But they cannot maintain an abiding and increasing growth—they cannot command permanent prosperity—unless the service in which they are invoked is a righteous one; unless the demand they seek to supply honestly exists; unless the confidence they invite is fairly deserved. Next, it may, we think, be justly claimed on behalf of the successful industrial companies, that they have been administered with sound judgment, with tireless industry, and with undoubted integrity; in brief, that they have merited the confidence that has been accorded them. Still further, the value of the impetus it has given to the spirit of frugality and saving—of voluntary, not compulsory, thrift—especially among that portion of the community to which these virtues are supremely valuable, cannot be over estimated. Although the business is comparatively young in this country, the outstanding policies already far out-number the aggregate depositors in all the savings banks of the United States—and if to these depositors be added all the policyholders in the ordinary life insurance companies, the preponderance would still be in favor of industrial insurance! There is suggestion and assurance of marked social improvement in all this—of an educating, uplifting principle that compels recognition, that commands respect and that deserves encouragement.

In proof of this contention we may affirm that, so soon as the business could be deemed fairly established in this country, concessions to the policyholders began to be made, and every year has borne witness to progressive liberality in this direction. Features have been adopted which would have been destructive of the business in its formative period. I may be pardoned for a few illustrations, which I will cull, if you please, from the experience of the company with which I am identified; simply saying that the same spirit, though not, perhaps, in all respects to the same extent, has animated the executives of a number of the other companies, some of whom (and I say it with entire candor) may even regard their own concessions as equal, and perhaps superior. Among the first important innovations was the granting of paid-up policies, applicable to all adult insurances in force five years from January 1, 1892. To encourage these the company ruled that the agents should in their compensation not be charged with policies lapsed in order to obtain paid-up policies. Later, immediate benefits on endowment policies were increased. Subsequently, when the first panic struck the business, and mills and factories were closed, general business was prostrated and the industrial classes throughout the country were deprived of employment, lapses, in large numbers, supervened. To meet the hardship thus imposed upon the policyholder, so soon as good times began to dawn, we offered to reinstate in full immediate benefit, all the lapsed policies throughout the country, a year old, the forfeiture of which had been produced by the pressure of hard times; further, to all whose policies were five years old (although the system of paid-up policies was not, at the time, actually operative), who had been forced to drop out by stress of circumstances, a paid-up policy was offered, without restriction; or, in lieu, a new policy without medical examination, in full immediate benefit, and without the payment of a penny in arrears. Many thousands of renewal and paid-up policies were called for as a result of these offers. In the several periods of industrial depression since, like liberality has been promptly extended. Later, the paid-up privileges were extended and made applicable to all existing policies, in force a prescribed time, that were ever issued by the company. Following this, a material increase was made in the amounts of these paid-up insurances. And later still a valuable concession to prevent lapses has been made by the writer's company. Whenever a policy lapses after being five years in force, the home office addresses a personal letter to the holder offering him the option of (1) a paid-up policy according to the company's rules; or (2) the whole reserve on his policy to be credited in payment of weekly premiums as far as it will go upon a new policy, in full immediate benefit, for an amount which his old rate of premium will purchase at present age, without medical examination and with privilege of continuance at the expiration of this extension of his insurance. Again, the pulmonary and consumption clause—under which death from these causes, within the first year of the policy, produced but half the amount otherwise payable—was eliminated, and the elimination was made retroactive, *i. e.* applicable to all the policies in force. The form of policies was greatly improved by omitting the warranty in the applications for policies not large enough in amount to call for regular medical examinations. The whole contract was contained in the policy itself, which was avoided only in case of the insured having had a disease not mentioned in the blank space provided in the policy—a space large enough to attract attention. And to protect the holder from the consequence of oversight or misunderstanding, he was given the right, within two weeks after receiving his policy, to return the same and take back the premiums paid. Next, increased benefits were granted on infantile policies—at some ages doubling the insurance—with no increase of premium, and this was also made retroactive as to old, existing policies. Then, new endowment tables, both infantile and adult, were adopted, and by them it was provided that the paid-ups, issuable thereunder, should be paid-up endowments. Six months later a guaranteed dividend was added to the adult table, providing that, after the policy was three years old, there would be added to the amount of the insurance at each anniversary of its date, while in force, a sum equal to ten weeks' premium, the same to follow the original policy, that is, to be payable at death or at the end of the endowment term. The same dividends were guaranteed to all infantile endowments after the insured reached the age of twelve. It will be perceived that this is a positive guaranty of an annual reversionary dividend of 20 per cent of the premiums for a year. About the same date the company began the issue of what it designates as intermediate policies, for $500, at low rates of premiums, both for life and endowment, the company agreeing to keep account of these policies by themselves, and to pay dividends, after five years, according to the earnings of that class of policies; such policies being designed for those to whom the ordinary policies for large amounts were impracticable, and who yet desired a policy more advantageous than on the weekly premium plan. At the end of 1896, although under no legal obligation by contract or precedent to pay a dollar, a dividend which cost the company more than $500,000 was declared, and this was followed by the allotment of a like sum for the present year. At the beginning of '97 the whole-life infantile table was abolished and all the infantile policies thereafter issued were made endowment policies. On them an annual reversionary dividend of 20 per cent of the premiums for a year is guaranteed after the insured reaches the age of twelve. As we took occasion to remark in an earlier part of our paper, the great bulk (about 96 per cent) of all the business now being written by the company to which I am related contains the endowment feature, so that the antique and senseless imputation of having to die to win is pointless, and the question of old-age provision, which is agitating other countries as a public measure, we are doing something, in our way, to meet. During the recent war with Spain the industrial insured could enter the military or naval service of the United States without restriction and without extra cost. This applied alike to policies outstanding when hostilities were declared, irrespective of whether or no the policies contained a war-clause, and to all policies issued or revived during the continuance of the war. The internal revenue tax was also paid by the company and not charged against the individual policyholder. The same conditions applied to its ordinary business. In other words, the war made no difference whatever in the relations of the assured to the company, either as to freedom of action or to the cost of the insurance. Finally (as to this branch of the subject), ALL our industrial policies now provide that if their terms are not satisfactory to the assured, or if the conditions are not accepted and agreed to, the policy may, within two weeks be returned to the company, and all the premiums paid will be refunded. This gives an opportunity to correct misunderstandings, if any, and to obviate future causes of just complaint. Death claims which now average, in the single company spoken of, about 200 in number per day, are paid by telegraph as to all outlying localities, and by messenger or mail to points contiguous to the home office—in either event action being taken immediately upon receipt of proofs.

EXTRACTS FROM ADDRESS OF HON. JOHN A. FINCH, ON "THE POSSIBILITIES OF NATIONAL SUPERVISION."

The situation of the insurance companies as fixed by the legislation of the country is about as unsatisfactory as it could well be.

Here, then, is the situation. Forty-five States having forty-five insurance codes that vary in value and viciousness with the wisdom and ignorance that framed them. From the standpoint of the insurance companies they are an unmixed good and a mixed evil.

There is throughout the country a vast and increasing army of discontents with life insurance made up of the discontinued policyholders. The public has slight knowledge of the legislative burdens thus resting on the companies, and this public, which is in close touch with and made up in large number of the malcontents, looks smilingly on at such a situation, and the persistent policyholders foot the enormous bills.

Shall this situation go on forever? An affirmative answer could come from the despairing pessimist who can see no hope ahead. A negative answer could come from the perspiring optimist, who thinks he can see hope ahead, but cannot give much reason for his faith.

State supervision is not satisfactory. The insurance legislation of the country is not satisfacfory. The whole system should be fairly put upon trial before the country with an intelligent jury as arbiter. The country must come to see that there are not two parties with conflicting interests that are affected by legislation. The insurance companies are the policyholders of the companies—no one else is interested. What there is in legislation affecting the companies that is harmful or helpful to the companies is harmful or helpful to the policyholders, and to them only. They are the companies. They foot the bills, and in its last analysis State supervision, as we have it, is most objectionable because it is expensive to the policyholders.

The personal annoyance the managers of the companies suffer is compensated for it in their salaries. These and all bills of whatever sort the policyholders pay.

Supervision by State, or by some authority, has come to stay. It is deepening its hold on our legislation every year. The present question is, "Who shall exercise it?" Shall forty-five States do what could better be done by one? Can Congress create a department that will relieve the situation? In other words, what are the possibilities of national supervision?

From the moment I accepted the invitation to present a paper upon this subject, I have given as much attention to the question, looking at it purely as a legal question, as I could. For six months it has been constantly in my mind. I have again read the expressions of the Supreme Court of the United States that bear upon the powers of Congress, and the powers of the States that would be invoked or affected by the creation of a national bureau.

I have come to the conclusion that under these decisions the power of the States is supreme, and that a corporation outside of the State of its incorporation, and particularly if it happen to be an insurance company, is almost in the condition of Dred Scott after the Supreme Court of the United States had fixed his status, as given in the popular summary, "A negro has no rights that a white man is bound to respect."

It is told of Wisconsin's great Senator, Carpenter, who was a lawyer upon the highest test of that exacting profession, that he was given a large fee for an opinion as to the constitutionality of a law which most seriously affected a great business interest. It was desired that the law should be held to be unconstitutional. It was expected that he would be able to secure an opinion from a great court declaring that the law was not constitutional. He labored many weeks on the case, and in the end, and after a thorough examination of the kind such as his matchless mind was capable of, he wrote sententiously to his expectant client: "The law is constitutional; you cannot overcome it."

During my examination of the question presented I have been many times upon the point of disposing of it about as summarily, by saying, "There is no possibility for national supervision;" but I am not quite ready to so conclude. Most certainly, under the decisions of the Supreme Court of the United States and of the courts of the various States that have spoken, there is no relief possible without legislation, and possibly not without a constitutional amendment.

This decision is arrived at upon as careful a review as I am capable of giving of the decisions of the Supreme Court of the United States, which must be conclusive upon the subject.

It has seemed to me, and I say it with diffidence, that there is a possible flaw or vice running through all of these decisions. They are pronounced without consideration of the fact that the conditions under which the constitution was created have changed. If immediately upon the adoption of the constitution the court had been required to pass upon all of the cases from Paul *v.* Virginia to Hooper *v.* California, the decisions would have been in harmony with the then existing conditions.

In one of his great arguments before the Supreme Court of the United States, Webster said the constitution must be read and interpreted in the light of advancing events.

This view of Mr. Webster seemed to find expression in the opinion of the Supreme Court in Pensacola Tel. Co. *v.* Western Union Tel. Co. (6 Otto, 1): "The powers of Congress thus granted are not confined to the instrumentalities of commerce, or the postal service known or used when the constitution was adopted, but they keep pace with the progress of the country, and adapt themselves to the new developments of time and circumstances. They extend from the horse with its rider to the stage-coach, from the sailing vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph, as these new agencies are successively brought into use to meet the demands of increasing population and wealth. They were intended for the government of the business to which they relate at all times and under all circumstances. As they were entrusted to the general government for the good of the nation, it is not only the right but the duty of Congress to see to it that intercourse among the States and the transmission of intelligence are not obstructed or unnecessarily encumbered by State legislation."

But I doubt if the court, *without an act of Congress*, will admit that this expression applies to the insurance business.

All the cases in which the character of the business of insurance has been considered by the Supreme Court of the United States, whether as commerce or not, from Paul *v.* Virginia, 75 U. S., 168, to Hooper *v.* California, 154 U. S., 648, have distinctly held that insurance is not commerce, and, *therefore, not within the protection of the Federal Constitution*. This is as firmly established as anything that has ever been before the United States Supreme Court.

A review of the decisions of the Supreme Court of the United States upon the extent to which the States may regulate commerce is not encouraging. That court has gone from point to point, often retracing its steps, and again varying so far from earlier standards that one might wonder if there is anything in commerce that may not be relieved from federal protection and turned over wholly to the regulation of the States by act of Congress.

A rule may be deduced from the later expression of the court that Congress may (*vide* opinion in construing the Wilson Bill, which practically removed intoxicating liquors from the protection given to other articles of commerce in *re* Rahrer, 140 U. S., 545), by an enactment relegate any particular article of commerce wholly to State regulation. A bill was passed by the lower house and sent to the Senate so affecting oleomargarine. Under the Rahrer opinion this will let this product enter a State only at the will of the State, and upon such terms as may be imposed.

The situation may be thus summarized: Without legislation by Congress all commerce must be free and untrammeled, but when Congress so declares as to any particular article, this freedom ceases. Indeed, the court says:

"When Congress acted at all the result of its action must be to operate as a restraint upon that perfect freedom which its silence insures. Congress has now spoken, and declared that imported liquors or liquids shall, upon arrival in a State, fall within the category of domestic articles of a similar nature. . . . Congress did not use terms of permission to the State to act, but simply removed an impediment to the enforcement of the State laws in respect to imported packages in their original condition, created by the absence of a specific utterance on its part. It imparted no power to the State not then possessed, but allowed imported property to fall at once, upon arrival, within the local jurisdiction."

That is to say (and it seems a surprising thing to say) that Congress may declare the Constitution of the United States inoperative in so far as that sacred instrument protects commerce between the States. All State laws that were confessedly regulations of commerce upon subjects national in their character were inoperative and void under the Constitution as construed by the court, until Congress should say that any article of commerce should be relieved from the constitutional protection.

It has been said that "speech is silver, but silence is golden." Surely here is an illustration where silence is golden. It cannot hardly be said that the sort of "speech" is silver. "Speech" of this sort would seem to be of a far more debased metal.

There are possibly crumbs of comfort for those who ardently desire national supervision of insurance companies in reflecting on this status. If Congress can say that an article confessedly within the protection of the commerce section of the Constitution shall no longer have such protection, it may be said by way of deduction or corollary that Congress may do the converse—may declare an article or an act to be within the protection of the commerce section, which the Supreme Court of the United States has said was not within that protection.

EXTRACTS FROM ADDRESS ON "FIRE INSURANCE" BY JUDGE D. OSTRANDER.

The expense of State supervision and the annoyance of unwise legislation can, I think, be done away with and much complexity avoided by placing the control of the insurance business in the hands of the general government. While insurance may not be commerce, in a technical sense, it is no less an interstate business than banking, and is as properly a subject of federal regulation. Let Congress devise a general law authorizing the organization of companies to insure and provide a form of policy which will be proof against the intermeddling of forty odd State legislatures with strong wills, inexperienced judgment and crude ideas, and many of the difficulties which now exist in the conduct of a useful and even indispensable business will soon disappear.

As we now have both national and State banks, so we might have both national and State insurance companies, but the former should be relieved wholly from State control and supervision. For the better protection of the policyholder the national companies might be required to invest their capital in United States bonds and deposit the same with the government. These companies might be required to make annual or semi-annual statements of their business to the proper department, and be subject to examination as in the case of banks. This can be done, I think, under the provisions of the Constitution, authorizing Congress to legislate for the "general welfare of the United States." The interests of the whole people are involved. The insurance office is not a local institution, it is as ubiquitous as the bank—where property exists there is also indemnity to be found.

It was stated by Justice Field, in discussing the case of the County of Mobile *v.* Kimball (102 U. S., 696), that so far as the exercise of power relates to matters which are national in their character and require *uniformity of regulation* affecting all the States, the power is exclusively in Congress. If one should doubt whether insurance is a means of aiding and contributing to the general welfare of the people, let him for a moment consider the difficulties that would be experienced in respect to both domestic and foreign commerce if insurance was withheld. A much smaller business would be done and at a greatly enhanced cost for transportation, and many too, of the ships that are accustomed to sail the seas would rot at their docks. A few persons of great wealth would soon control the markets, for none others would venture where the risks were so great. There are subjects concerning which both the federal Congress and the State legislatures will have power to act, and when this occurs the right of Congress in case of conflict will be paramount. When the State and national legislatures act independently in relation to the same matters with such different purpose and effect as to render impracticable the enforcement of the separate laws the State should withdraw its action in deference to the superior authority of the national government. If this is not done the State legislation must be treated as nugatory, for the general government is supreme when acting within its constitutional powers.

The word "bank" is not found in the Federal Constitution, yet the Supreme Court of the United States has held in several cases that the Congress clearly acted within its implied powers when creating our national banks. The courts have very properly reasoned that while "banks" were not a necessity in the too literal meaning of the word, they were a convenience, and that the facilities they afforded approved them as agencies for promoting the general welfare. It was said in McCulloch *v.* Maryland (4 Wheat., 316): "Let

the end be legitimate; let it be within the scope of the Constitution, and all means which are appropriate and which are not prohibited, but consistent with its letter and spirit will be constitutional."

See also Osborn *v.* Bank of U. S. (9 Wheat., 708), and Farmers and Mechanics National Bank *v.* Dearing. In this last case Justice Swayne said: "Whenever the will of the nation intervenes exclusively in this class of cases the authority of the State retires and lies in abeyance until a proper occasion for its exercise shall recur."

Besides the necessary expense of dealing with a large number of State departments having different views and sometimes making demands of an unreasonable and vexatious character, it has frequently been shown that State legislatures have too little honesty and too little intelligence to safely deal with questions of so much importance, requiring large experience and expert skill. In the national Congress will always be found men of larger business capacity and experience, who will understand the importance of this subject and be able to consider it apart from petty prejudice and personal interest. It is not that the regulation of insurance presents so many difficult questions to the legislature, but that it should be freed from the intermeddling of persons who have no clear comprehension of its necessities and hence are unable to deal with it understandingly. It is seldom regarded by the legislator as a strictly business proposition, to be protected as such and controlled in such manner as to increase its usefulness to the policyholder, without detriment to capital and the permanent interests of society. Very much of vicious State legislation has proceeded from a class of very small statesmen who seek to magnify their services to the public by antagonizing the interests of corporations. They ignore two important facts, first, that corporations are indispensable to the well-being of society; and, second, that they are our most useful and public spirited citizens, incorporated for the purpose of uniting their capital and their strength in promoting enterprises of general utility.

An absolute monarchy is better than the tyranny of a mob; despotism is far more endurable than anarchy, and even a trust, with its orderly and conservative regulations of competition, is preferable to the waste and demoralization which proceed from the disorganized and chaotic efforts of legislators and insurance companies to manage this important business. A trust, receiving authority from an act of Congress and held to proper restrictions in the regulation of its affairs, would not, I think, be the worst calamity that could befall either the insurance company or the policyholder. Such a corporation could, in the exercise of just powers, abolish many abuses and relieve the insuring public from the payment of large sums, which are necessary on account of the badly regulated manner in which this business is conducted. A trust, with limited powers and subject to congressional control, might be able to force with a strong hand an intelligent result, something which has been found impossible because there has been no power to unify action. Trusts created to restrain unreasonable and disastrous competition, as they are frequently able to do, and to give steady and conservative impulse to important affairs which concern the general public may not be regarded as the enemies of society or opposed to the best interests of legitimate business.

PERSONAL.

THE Provident Savings Life Assurance Society has scored a point in the appointment of Col. John W. Vrooman as superintendent. His recent retirement from the Reserve Mutual offered to President Scott an opportunity to secure a gentleman perhaps as well known and as highly esteemed as any man in New York State, where he has held many high positions and was always recognized as worthy of all trust and confidence. Both the Society and its new Superintendent have our congratulations.

THE marriage of Mr. George B. Speer, of the Prudential, of Newark, to Miss Edna Walcott, daughter of Capt. Walcott, of the steamer "City of Troy," was celebrated in New York City on the 12th of September. Our warmest congratulations are extended to the bride, for she has taken to herself a most estimable man; and to our friend we would say that he has already travelled life's dull round too long alone, but that the amend he now makes is full and complete. We voice the congratulations and best wishes of the insurance profession, of which Mr. Speer has been an ornament and example, for long years of happy life.

WE most cordially underwrite all the handsome compliments paid to Mr. John F. Dryden by *The Spectator* of the 8th instant, but we must express regret to hear that "he has withdrawn, emphatically and decidedly, from the contest for United States Senator from New Jersey," and this is said without knowledge of Mr. Dryden's politics. Whether republican or democrat, in the Senate of the United States he would be "the right man in the right place, at the right time." Every quality and faculty which he brought to bear in the upbuilding of the *Prudential* is needed now in the Congress; ability, integrity, industry, and experience in financial affairs are as much needed to-day in Congress as they ever were, and that integrity which can set aside the Senate, and remain at his post of duty in the Prudential is evidence of what we have said of the man, the place, and the time.

MEDICAL DEPARTMENT.

MEDICAL SELECTION FOR LIFE INSURANCE.*

BY BRANDRETH SYMONDS, A.M., M.D., *Senior Examining Physician of the Mutual Life Insurance Company for New York City.*

[From the *Medical Record*, August, 1897.]

It has often been stated that no selection is necessary for life insurance, and the argument is something like this: All men have to die. Why not therefore calculate upon the mortality of the whole population and admit them all to life insurance? Some expenses, that of medical investigation and some others, are thereby saved and at the same time the opportunity is given to everybody to partake of the blessings of insurance. Something of this kind is now under trial in Germany. It is a stupendous scheme of insurance against invalidity and old age but does not contemplate life insurance. Nearly all wage-earners over sixteen, whose average annual earnings do not exceed about $500, are compelled to participate. A most elaborate system of registration and espionage has been devised, so that no person of the twelve millions or more entitled to its benefits may escape the blessings thus thrust upon him. This plan has not yet been tried long enough to determine its stability; but we could draw no inference even from its success. It is a scheme forced by an almost autocratic government upon a submissive people, at least more submissive than we are. How would it succeed if applied to our life insurance methods? A life insurance association or company of to-day is, with us, a voluntary aggregation of individuals. If there were no way by which those who are below the present standard of prospective longevity could be excluded from its advantages, it would be composed exclusively of such inferior specimens. Consequently the mortality rate would be vastly higher than that of the average population. No sound person would join who could obtain insurance in a company that adopted a higher standard. Man is indeed becoming more altruistic, and the growth of life insurance itself would indicate this. But his altruism is yet far below the level which would cause him to make personal sacrifice of strength, time, and money for the benefit of some unknown stranger, perhaps thousands of miles away. He is eager to make such an offering upon the altar of his home, when he can thereby save his wife and children from want, perhaps shame and dishonor. But he would make no such effort for the unknown weaklings who as a class will surely die before their time. He wants to associate himself with those who are as strong as he is, and whose expectation of life is as great. Therefore the interests of the policyholders who are already in a company demand that none be admitted unless they be up to the standard already adopted. On this account the best medical skill is employed to watch that the maimed and halt are kept out.

Selection of risks for life insurance is not necessarily medical. For example, in some associations only total abstainers are admitted, and this precedent must be regarded as a form of selection. Again it is found that those risks who take the higher-priced policies compare more favorably with the average than those who take the cheaper ones. This form of natural selection is of decided consequence to the company, but is in no sense medical.

The points which enter into the medical judgment of a risk may be grouped under four heads: (*a*) Present physical condition; (*b*) Previous personal history as regards disease, habits, etc.; (*c*) Family record as regards disease and longevity; (*d*) Material environment, including occupation, climate, etc.

(*a*) Comparatively few of us are in a perfect physical condition, and in many cases much judgment is exercised in determining what variation from the norm is sufficient to disqualify an applicant. Any abnormality which causes a shortened class longevity among those who are afflicted with it must be regarded as a sufficient disqualification. In some cases temporary ailments should cause a postponement until the restoration to health. It is hardly proper to pass any acute disease as trivial. An attack of apparently acute bronchitis may be the forerunner of some serious mischief in the lungs; a simple diarrhœa may be the premonition of typhoid fever. On the other hand some chronic abnormalities, though pathological, do not warrant us in excluding a case. Such a condition as a few bilateral pleuritic adhesions at the base of the lungs, if it can be determined that they are old, ought not singly to be a cause for rejection. But chronic pulmonary or pleuritic conditions are rarely presented to a life insurance examiner, simply because most people know that such diseases are almost invariably bars to insurance.

Not infrequently a person has no idea that he has any trouble with his heart until he is rejected by some insurance examiner. It may seem hard at times to refuse some of these cases, the damage is so slight and the compensation is so perfect; but all organic lesions of the heart ought to be rigidly excluded. It is fortunately true that some of them live for many years and finally die of intercurrent disease, but unfortunately we can rarely pick these cases out of the mass. The same rule applies to some of the so-called functional diseases of the heart, such as angina pectoris, and that symptom complex known as exophthalmic goitre, in which the frequent heart action is a marked feature, although the disease is not often regarded as essentially one of the thyroid gland. On the other hand a mild acceleration of the pulse is usually found in those who are being

*Read before the American Social Science Association, Department of Health, September, 2, 1896.

examined. I have frequently found a pulse rate of eighty or more in my examinations. Now that is above the average even in these days of hurly-burly and must be regarded as the evidence of slight nervousness of which the applicant is unconscious, or at least says he is. Recognizing this, we do not hesitate to accept pulse rates up to ninety. When it remains persistently above this point, it becomes a factor of more consequence, as it may be the only evidence we have of beginning renal, pulmonary, or nervous disease. Or it may indicate a diminished vitality, impaired by overwork, dissipation, etc., not in itself alarming, but a serious complication of any acute disease which might happen along. But there are a few cases in which the acceleration of the pulse has lasted over many years of continuous good health, and these may be regarded as cases of personal idiosyncrasy and not necessarily unfit for insurance. The evidence, however, must be very convincing. Similar considerations influence the disposal of cases of other alterations of the pulse rhythm, such as too infrequent a pulse and intermittent or irregular pulses. As long as these conditions are present they are bars to insurance usually, and the exceptions to this rule must be very rare.

Comparatively few suspect any pathological condition of the urine until examination reveals it. They feel in good health, are vigorous and active, and they resent, as a personal insult in some cases, the statement that the condition of the urine revealed by the examination is unsatisfactory, and that they cannot obtain insurance on account of it. I know of nothing more trying to the tact, temper, and patience of the medical examiner than the endeavor to smooth some of these ruffled dignities. I have had men who knew better tell me that they ought to be accepted for insurance because, forsooth, they felt themselves to be perfectly well, and knew that they did not have any disease, although they had been told that the urine contained albumin or sugar. If such were the standard for life insurance, our duties would be very much simplified.

Let us consider this topic more in detail. I am convinced that the presence of genuine albumin in the urine is always pathological.* It may be due to pus or blood, the sources of which may be various, but in the great majority of cases the albumin is of renal origin. In these cases it may be temporary or permanent. If permanent, it is due to some organic change in the kidneys, which may or may not be progressive. If temporary, it is due to some imflammatory or degenerative or vascular disturbance of the kidney, which sooner or later passes away entirely, leaving no trace behind. In many of these cases the individuals are below par generally while the albuminuria lasts. In some, dietetic errors, muscular exercise, and other causes play a part. Some are convalescing from a febrile disturbance, such as a cold or a diarrhœa. During the epidemics of influenza albuminuria is very oftcn found among those who have this disease even mildly. A favorite time for its occurrence is between the ages of fifteen and twenty-five. In a fair proportion of cases no cause whatever can be assigned. But, whatcver the cause, the presence of genuine serum albumin in the urine must be a bar to insurance until it has completely and permanently passed away. I say genuine serum albumin, for undoubtedly many mistakes have arisen from confounding other substances, notably nucleo-albumin, with this. Investigators in this line have endeavored to seek out delicate tests at the cost of accuracy. Many of these tests respond to the presence of even very small amounts of serum albumin, but unfortunately they react well with some other substances, notably nucleo-albumin. This statement applies certainly to all tests in which organic acids, particularly acetic acid, are used. I feel, therefore, that injustice has been done heretofore to a large class of applicants whose urine on more particular examination would now be regarded as healthy.

Similar considerations confront us when we detect the presence of sugar in the urine. Nearly all the tests for sugar are simply reduction tests, upon which other reducing substances besides sugar may act. Some reducing substances, such as creatinin, are always present in the urine, but normally in too small quantities to give a reaction. Many drugs, such as rhubarb and chloral, when excreted, act as reducing agents. At times some abnormal ingredients, such as glycosuric acid, cause the same difficulty. Now merely because the urine happens to be concentrated and the creatinin, etc., are in sufficient quantities to have a reducing power, or because the man ate a big dinner and took a rhubarb pill after it, or because he had headache and took a dose of chloral the night before examination, and as the result of any or all of these our ordinary sugar tests show a reaction, it is certainly not right to refuse that man insurance on account of glycosuria. The usual tests are prompt, convenient, and sufficiently delicate, and are therefore all that we need for negative results. But if we obtain a positive reaction, we should in all cases seek to confirm it by a further accurate test, such as the phenylhydrazin test or the fermentation test.

Of course permanent glycosuria acts as a bar to insurance, but what importance shall we attach to transient glycosuria? This term should be applied to cases in which the absence of sugar is not brought about by changes in the diet, for we all know that in some cases of diabetes the sugar can be made to disappear entirely for some time from the urine simply by the thorough elimination of starches and sugars from the dietary. No one, however, regards such an aglycosuria as healthy, and when sugar is found every time that a man relaxes from a rigid diet the case must be deemed from a life insurance point of view as hopeless as if the glycosuria were permanent. But real cases of transient glycosuria do occur, though they are much rarer than those of transient albuminuria. These

* This, of course, does not include the albuminuria due to menstrual blood, ordinary vulvo-vaginal secretions, possibly semen.

[*Concluded in next number.*]

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. MCCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, OCTOBER 20, 1898.

AN UNNEEDED VINDICATION.

Two years ago, in the issue of July 6, 1896, we devoted over a page of the BALTIMORE UNDERWRITER to the explanation of the case of Fuller *v.* The Metropolitan Life Insurance Company, and the opinion then formed and expressed, left no place for other vindication. However, the final hearing and decision of the Superior Court of Connecticut has revived the case, and it is proper that this last complete vindication by the highest court, on a new trial of the case, should be put on record as the last of the case.

This is the second time that the Supreme Court of Connecticut has passed upon this case and sustained the defendant company in all its contentions. There is no necessity to restate the facts further than to say that the whole of the plaintiff's proceedings, from first to last, has been upset and defeated by every court which has tried the case, except that of Judge Wheeler, who soiled the judicial ermine by an uncalled-for assault upon Homan, Fackler, and Hegeman.

The case was last heard by the Superior Court, and the judgment rendered on the 5th instant by Judge Roraback, from which we extract as follows:

"The court, having heard the parties . . . find each and all of the issues in favor of the defendant (the Company), . . . whereupon it is further found, considered and adjudged, that the said several policy contracts were as claimed by the defendant (the Company), and stated and construed by the Supreme Court of Errors in the said opinion of the court on the 26th day of July, 1898, and said policy contracts were not otherwise known to the public, or otherwise represented by the defendant (the Company), and that defendant did, as stated in its answer in each instance fully comply with and discharge all its obligations thereunder, and pay the several owners, holders and designees of said policies, when due, their equitable proportions of the reserve dividend fund in cash, and thereupon the said several owners, holders and designees of said several policy contracts, for the consideration stated and claimed by the defendant, did, as alleged by the defendant, answer, surrender, and discharge said several policies, and execute and deliver to said defendant said several releases, and receipts in full.

"And it is considered and adjudged that the defendant have and recover judgment against the plaintiff (Fuller) upon each and every of said issues as above stated."

That judgment sustains the company's contention that the reserve dividend policies were ordinary tontine contracts, that they had been fairly dealt with by the company, that the dividends thereon earned had been declared and paid, that those policies had been settled and receipts given to the company for all claims under those policies. Fuller had gathered together forty of these old settled and paid policies, and sought to recover the reserves on all lapsed policies. He has been defeated at every point, and the company fully sustained. President Hegeman needed not this victory, but his management having been fully justified and sustained, he is entitled to the congratulations of all his friends.

OUTSIDERS ON INSURANCE.

A notable feature in the assemblages of insurance men during this year has been the able papers read by men of culture and ability who are in nowise connected with the business of insurance. These expressions of opinion were not *post-prandial* generalities nor mere official welcomes, but were conveyed in papers carefully prepared, which show that the subject of insurance in its relation to the general public, rather than to that of the companies has become a matter of interest and inquiry outside of the profession. This we regard as an advance all along the lines, which, if continued, will educate the public to understand the mutual and reciprocal interest which really exists between insured and insurer. It may be natural, but it is unfortunate, that the public has taken a suspicion of insurance managers and grown into the conviction that enormous and abnormal profits are wrung by the companies out of the public; and that the best way for the public to get even with the supposed extortioners is to tax them for the support of the State. And further on the line of getting even with the companies, the State has required that the companies shall pay retiring members of life companies surrender values fixed by the law of the State. Insurance experience as well as its science knows that these State innovations are dangerous to the future security of the insured, but no amount of argument, reason and protest from the companies will be listened to by the public.

But now that able men not belonging to the insurance business have begun to study its bearings on the insured and its future prospects for the benefit of millions, it is not too much to hope that at a future day these non-insurance men may come to understand the unwisdom of existing legislation and that their voice will bring about a change in the treatment of insurance companies.

We can commend the aid and assistance of these non-insurance men without agreeing with them in the crude and inexperienced views that have been advanced in some of their papers. We welcome Mr. Julius E. Roehr, of Milwaukee, to the rostrum of the national convention with the hope that his brother members of the Wisconsin Legislature will, like him, study the subject of insurance before attempting to legislate thereon. But we cannot approve all that Mr. Roehr said. Nevertheless we do agree with him that the way to get a bad State superintendent is to elect an ordinary politician; and that a better way to get a good one would be to appoint him during good behavior; but the best way would be to turn the business over to the national government under one federal officer. However, time is necessary to that advance.

Then Attorney-General Mylrea, of Wisconsin, did excellent work of an educating character in his thoughtful paper on the Inconsistencies of Legislation.

At the twenty-ninth annual meeting of the Northwestern Fire Underwriters, there was another co-operation of non-insurance men in the discussions of live and important insurance subjects. Mr. William D. Van Dyke, of the firm of Van Dyke & Carter, of the Milwaukee bar, read an excellent paper on "Fire Insurance Legislation," and among other important subjects, dealt a *solar plexus* blow to State Supervision:

> "The multiplicity of reports and examinations permitted are extremely burdensome, and there can be no possible necessity for forty-five State reports and examinations, where one federal commissioner can collect every fact and inquire into and report upon the condition of each company. National legislation, now pending, it is hoped, will cure these evils."

Upon the subject of taxation of insurance companies, Mr. Van Dyke said:

> "Revenue must be raised; a tax should be indirect, equitable and evenly distributed throughout the entire State; no business is so large in its scope as fire insurance, for it reaches every hamlet in the land; its measures of value are certain and definite; its rates equitable, evenly distributed and just, and therefore fire insurance companies are best fitted to be the revenue collectors for the State. Armed with the exclusive right to establish its rates as a safeguard and protection, and thus without fear or favor, they can perform a public duty, odious only in name."

All of which is specious and misleading, because fire insurance companies are not "armed with the exclusive right to establish rates," where laws are made to forbid and prevent association and agreement as to rates; nor where valued-policy laws exist, which Mr. Van Dyke held to be unconstitutional, impolitic and encouraging to incendiarism; nor where reciprocal laws transport and import bad and mischievous legislation from State to State; nor where the "sacred right of contract" is interfered with and prevented by a vicious system of legislation. The taxation of insurance premiums is not "equitable" nor "evenly distributed," but falls only on the provident, nor is it evenly distributed among them where anti-compact laws forbid alike the raising and the lowering of rates.

One of the most thoughtful papers by non-insurance men was that by the Hon. James H. Eckels, so well known and appreciated for his excellent work as comptroller of the currency under President Cleveland, and now president of the Commercial National Bank of Chicago. Before the Northwestern Fire Underwriters Mr. Eckels discussed the fire insurance business from the standpoint of a disinterested observer. The mutual relation which exists and increases every day between commercial transactions and fire insurance, was brought out by Mr. Eckels in all its bearings and importance. Perhaps the public will be disposed to listen to a non-insurance man of high character and recognized ability—one whose administration of an important federal bureau was without fault and escaped criticism,—when he explodes the fallacy as to insurance profits and declares that there "is no legerdemain in corporate business methods by which bad financiering in individual management becomes good in corporate," and that

> "The exercise of the taxing power as exemplified in State, county and municipal matters in this country to-day, may well challenge the attention of every thoughtful citizen. The country finds its property, in the vast majority of instances, subject to the tax levies of those who have the least amount of it to be affected by the rate, and its revenue disbursed by those who have contributed little or nothing thereto. The consequence of such conditions is inequality and recklessness upon the one hand and extravagance and waste on the other. . . . And yet it is objected that corporate powers shall not enter the arena of politics and undertake to exercise an influence at the polls to secure protection for property which, though held in the corporate name, is none the less the property of the associated private individuals. Within the lines of fairness, honesty and law, there can be no proper objection to any corporation, whether it is an insurance, bank or railway one, insisting through its owners, everywhere, upon having every right that is its due and undoing every wrong. It is the failure by the owners to enter protest against assaults upon such corporations, on the platform, in legislative halls, and through the columns of the press, that has encouraged demagoguery, introduced a new kind of party politics and made possible the long sessions of unrest and discontent which at recurring periods have come upon us to disturb the country and threaten business prosperity. No corporation properly conducted need apologize for its existence, nor deny to its members through any unwholesome supposed public sentiment the right to demand a treatment based upon the same conditions as is accorded private interests. The insurance interests, the bank interests, the railway interests, are all promotive and not destructive of public and private good, and the

crippling of them by public act or private denunciation, entails loss upon a body of citizens, measured in numbers only by the sphere of their influence and the circle of their operations."

Brave and timely advice which we hope will stiffen the backbones of insurance men, for there are indications, faint and indistinct at present, which show that the prejudice against aggregated capital is not so rabid and unreasonable as it was a few years past. And even Populism is coming to understand that there are worse evils in this world than "Trusts, Combines and Corporations." It is gradually coming into the conviction of even rabid and ultra demagogues that the concentration and combination of capital is a means to an end, and that end is the reduction of the cost of production and a lowering of the price of commodities in the interest of the consumers. As this becomes better understood by that great mass of voters who rule this country, they will learn the interdependence of people and capital, and that that is the wisest policy which co-ordinates the workings of all classes of people. These non-insurance outsiders are valuable allies and we hope their presence at future insurance assemblages will be encouraged.

UNNECESSARY EXAMINATIONS.

The constant and reiterated protests of the insurance press, voicing the complaints of insurance companies, against repeated and unnecessary examination of insurance companies, have resulted in calling attention to a nuisance which has been most expensive to the business. The discussion of the matter in the recent national convention of insurance officials, has brought the subject so squarely before the authorities responsible for the practice, that its early correction cannot be avoided without confessing the fact that private emolument, and not the public good, is the real end and object of these examinations. That frequent examinations by different State departments, under the very best auspices would be an unnecessary expense, will be readily admitted by every sensible man. But the evil has been increased by expensive examinations made by incompetent and ignorant officials, until the practice has become a veritable scandal on the States. In that connection the *Mail and Express* has well expressed the general satisfaction which exists among all classes, that the attempt of the Texas insurance department to make unnecessary examination of New York companies, had been positively refused, and an unnecessary duplicate examination prevented.

These pretended examinations of companies in Massachusetts, Connecticut, New York, Pennsylvania, Ohio, Maryland, and some other States are unnecessary, because each of those States maintains an insurance department whose examination being official, ought to be accepted by the other States as part of those "records" to which "full faith and credit" is required to be given by the Federal Constitution. To Congress is given the power of making these "records" respected, and why may it not include the official records of company examinations?

These pretended examinations are dishonest in purpose, because they are not made in the public interest, even of the State from whence the incompetent officials come, but solely for the gain of the *per diem* and expenses of those officials.

Notwithstanding these facts are patent to the executives of the States, they are powerless to stop these official raids upon the companies of other States. Such has been the legislation of State supervision that the system has become a self-sharpening scheme, by which each department may whet its knife on other State companies.

Not one State has provided for the support and maintenance of its insurance department by the taxation of its people, but some States have provided their insurance departments with roving and robbing commissions to visit and plunder for their support. There is nothing like it in any other government, and even in this country no other business is thus subjected to the irresponsible demands of incompetent and unscrupulous officials. It is time that the authority of the National Government was invoked.

These "road-agents" of insurance are merely making their living by their "hold-ups;" it is the State that is responsible for their doings and which ultimately will suffer.

PERSISTENT ORGANIZATION.

Charles R. Reckie, at the 29th annual meeting of the Northwestern Fire Underwriters, gave a most interesting account of the rise and development of "State associations, and the benefits derived therefrom;" tracing the gradual progress from that meeting on "Washington's birthday," in 1871, of fifteen agents, at Dayton, O., to the Fire State association, and up to the Fire Underwriters' Association of the Northwest. Then the rise and decline of the Field Club in Ohio; the union and non-union associations of Indiana; the association of supervising and adjusting fire insurance agents in Indiana; then the Indiana union and its change into the Indiana Association of Underwriters. In Michigan, was organized August 29, 1881, the Association of Michigan Underwriters, which lived until December 7, 1896, when the Michigan Field Club was organized. In Illinois, the State Board of Fire Underwriters was organized February 16, 1882, and exists to-day. In Wisconsin, the Wisconsin, Minnesota and Dakota Fire Underwriters' Union was organized at Winona, Minnesota, April 26, 1884, and on April 22, 1895, the Wisconsin members withdrew and organized the Wisconsin Fire Underwriters' Association, which was succeeded by the Wisconsin Field Club, which was not able to make rates, but which yet exists. After the withdrawal of the Wisconsin members, the Minnesota and Dakota field men organized the Minnesota and Wisconsin Association, April 22, 1895. In Iowa, the Iowa Underwriters' Social Club was organized May 14, 1896. The Kentucky and Tennessee Board of Fire Underwriters was organized November, 1894. The Kansas, Missouri and Nebraska State Board was broken up in 1891, and the famous Sun Flower Club for awhile struggled for existence with the Kansas anti-compact laws, and finally changed its name to the Kansas Field Club. The Nebraska Field Club yielded up the ghost to the State's anti-compact *club*, but the Fire Underwriters' Trans-Mississippi Club coming into existence at the Omaha exposition, is now trying to hold the fort against the forces of populism.

This epitome of effort on the part of underwriters to live, suggests that there must be real, substantial, and vital reasons underlying such persistent effort in so many States to shape and frame a *modus vivendi* for fire underwriting. No class of men would continue so long, and over so wide a territory, such efforts along any other line than one absolutely necessary to existence. Laws may be enacted to suppress such organizations, but the exigencies of the business will outlive the law, and during its existence will circumvent its sanctions, because such organizations are of vital importance to fire underwriting. Legislatures may well take the history in Mr. Reckie's paper into their consideration, and learn that such persistence of organized effort has reasons behind it, which are of vital importance to the indemnity of the people, as well as to the profit of underwriting, and that the former can't live unless the latter is "let live."

HOW THEY DO IT IN ENGLAND.

In discussing "Combination in Insurance," and showing the dismally disordered condition of accident insurance in England, the *Finance Chronicle* (London) has this to say of the Fire Offices Committee: "That organization has been styled by interested sections of the public a 'monopoly' and a 'ring,' but it is very largely owing to its work that British fire insurance companies are now, and have for so long been, in so strong a financial condition. Just as the old guard could die, but could not surrender, so a tariff fire office may amalgamate, but will keep clear of the bankruptcy court. The Fire Offices Committee acts as the pendulum regulator to the fire insurance clock. When the clock is slow, that is to say, when losses are heavy, the pendulum, the rate, is raised; when the clock is fast, or when losses are very light, down goes the pendulum or rate. The constant object is to keep time; or, in other words, to show an average trading profit that shall be generally admitted to be fair, but not excessive. The record of any long series of years will show that this has been the aim, and that this aim has been successfully accomplished. It is needless to enlarge on the benefits to individual companies; it is sufficient to say that the Fire Offices Committee has been a powerful help to all the tariff offices, from the greatest to the smallest." That extract may not be uninteresting reading to those fire insurance companies in the metropolitan district which are now trying to get together. How large may be the powers of the Fire Offices Committee of the London companies, we do not know, but its history and its success in holding companies in harmony has much to commend it to the consideration of those companies now working towards a metropolitan harmony.

THOSE of our readers, who, in years gone by, delighted in the Waverley novels, will recall the "Wild Boar of the Ardennes," but they will be surprised to learn from *L'Argus* that a hog of the same nature is now a "Candidat Républicain" in the canton of Ardennes, M. Sarazin–Leriche, whose political principles are set forth in an address to—

"Mes chers concitoyens, Je viens solliciter vos suffrages, animé par le désir de pouvoir aider à reéaliser les réformes libérales que les travailleurs attendent depuis longtemps."

Insurance, of course, this 20th-Century Boar proposes to uproot as the source of his reforms, but "Pour toutes ces réformes, if faut de l'argent, beaucoup d'argent"—of course. It is from fire insurance companies that "l'argent, beaucoup d'argent" is to come:

"La plupart de ces grandes compagnies ont émis à leur fondation, des actions de 500 fr., dont le quart seulement a été versé et aujourd'hui ces actions, achetées 125 fr. et possédées par des Rothschild et autres milliardaires, ont une valeur de 20, 30 et 40,000 francs.

Ce bénéfice énorme, évalué à 120 millions par année, doit être réalisé par l'État."

Having realized the 120 millions, he proposes to divide them in the following manner:

"7,000,000 pour une caisse d'assurances contre les accidents du travail;

23,000,009 pour aider les ouvriers chargés de famille;

30,000,000 pour une caisse de retraite pour la vieillesse;

30,000,000 pour l'organisation régulière du crédit agricole;

30,000,000 devant servir au dégrèvement des matières de première nécessité, *café*, *sucre*, etc."

The demagogues "always ye have with you," whether in this country bellowing for free silver, or in France, rooting up insurance. But, no "16 to 1" fellow ever got off quite so big a lie as that about stock in insurance companies rising from 125 fr. to 40,000 fr.—from $25 to $8,000 in value. However, it is exaggeration which tells in politics everywhere.

THERE promises to be another example of cremation of a cadaver, in an effort to make insurance money, by Mrs. Mattie D. Weeks, near Elizabeth City, Va. There was insurance in the Mutual for $8000, and in the Loyal Legion for $3000. The house was burned with all it contained, and the fire insurance was paid. But suspicion has been aroused that Mrs. Weeks was not in the house, and that the burned human bones found in the ashes were taken by Mrs. Weeks from a neighborhood graveyard, where she had been seen digging among the graves. Mrs. Weeks' mother, and also a daughter have disappeared, and did not respond to the coroner's summons. Altogether, there is much reason for suspecting a fraud, and the Mutual is going down to the bottom before paying the insurance, which is right, and its duty.

THE daily papers report that "through the efforts and influence of Mr. P. D. Armour, the widow of Robert J. Russell, the late well-known general purchasing agent of the Cudahy packing company, of Omaha, to-day finally effected a settlement of her claims against the insurance companies." The names of the insurance companies which thus yielded to the efforts and influence of Mr. Armour are not mentioned. But it would be interesting, and not without instruction, to know just what the efforts and influence of Mr. Armour had to do in the settlement of claims against life insurance companies. The efforts and influence of no man ought to be required to effect a settlement of just claims, and if the claims are not just, then the efforts and influence of an outsider are not only needless, but harmful.

THE *Baltimore Underwriter* seems to think that we are partial to fire insurance rate wars and favor anti-compact laws. Like many underwriters, our friend of the Southern foreground sees only two extremes: arbitrary artificial rates, or senseless competitive warfare. To tell the truth we cannot find much excuse for either of these things. Both are damaging to the fire insurance interest; one indirectly and the other directly. Fire underwriters have themselves to blame for anti-compact laws; wherever they have been able to form a tariff association of sufficient scope and power, their desire to "even up" upon some other locality has been placed ahead of their professional good faith with the public. Individually a company has the right to charge for a certain risk as much premium as it pleases and can get; but collectively the companies possess no such right, because the owner then has no alternative and the action amounts to injustice. On the other hand, that the companies collectively should establish a professional minimum charge for the risk is not only a right, but also a duty that they owe to the public in return for its confidence.—*The Surveyor.*

Our contemporary draws a distinction between one company, and "collectively the companies," which we do not comprehend. How one, that is each company, enjoys a right, which it loses when all other companies agree with it is a refinement of reasoning to which we plead guilty of no understanding. Nor do we take in that "on the other hand"—"companies collectively" may establish a *minimum* rate, but cannot fix a *maximum* rate; that they may, of "right," play the *role* of *descensus averni*, but lose the right to ascend into the region of safety and happiness.

THE resignation of Major A. F. Harvey, as actuary of the Missouri insurance department, is a matter of great regret to all life insurance management. During a period of almost continued service of twenty-nine years, Major Harvey has given satisfaction to all interests, and discharged his duties with very great ability. It adds to our regret to hear that his resignation was "necessary on account of his health." Superintendent Orear recognizes "his fidelity, integrity and lifelong devotion to his profession," and has secured his services as consulting actuary. In common with all who know Major Harvey we hope to hear of his health improving, and that he may enjoy, for many years, the esteem of his many friends throughout the profession.

Local Matters.

Mr. D. A. Weyer has been appointed general agent of Western Missouri, with headquarters in Kansas City, of the Maryland Casualty.

Mr. J. M. Nelson will sever his connection as special agent of the National Fire Insurance Company of Baltimore on 31st of October.

The Indemnity Fire Insurance Company of New York has complied with the laws of Maryland, and appointed Messrs. M. Warner Hewes & Son, as agents.

Rebating on life policies and the twisting of old policies continues in this city. Neither Chairman Reed nor *The Standard* would have any trouble in finding a few in this city who might be made victims.

At the meeting of the Association of Fire Underwriters of Baltimore, held on the 17th, the report of the committee of five on Rule 15 was made. The president was authorized to appoint a committee of three to examine the operations of such rule in other cities and report to a future meeting.

The Maryland Casualty Company of Baltimore, by depositing $50,000 with the Ohio insurance department, has been admitted to do business in that State, and has appointed Mr. George C. Brown general agent, with headquarters at Cleveland. Mr. Brown was formerly manager in Pittsburgh, for the Travelers.

The Special Auditor in the case of the International Fraternal Alliance now in hands of receivers made a preliminary report to the Superior Court as to the claims and payment. The receivers have on hand $20,000 to pay preferred claims that are allowed of over $30,000, not counting numerous other claims who will get little or nothing.

Messrs. W. W. Baldwin and J. W. Frick, formerly special agents of the Merchants and Manufacturers' Fire of Baltimore, have formed a copartnership to do a general insurance business, and have been appointed dual agents of the Royal Exchange of England and the local agents of the Washington Assurance Company of New York, which has complied with the laws of Maryland.

Judge Dennis in the case of four policyholders: Treisler, Edel, Euler and Lotz *v.* Mutual Life Insurance Company of Baltimore for a mandamus to vacate the election of four trustees at the annual meeting, decided that the certificate of election as returned by the officers of the election was legally correct. The counsel for the plaintiffs gave notice of an appeal to the Court of Appeals.

The following Baltimoreans will be present at the annual meeting of the International Association of Fire Engineers, to be held in St. Louis, on October 18: Chief engineer, Wm. C. McAfee, of Baltimore City Fire Department; Jas. C. McGregor, Captain Fire Insurance Salvage Corps; E. J. Lawyer, State Fire Marshal; R. C. Holloway, of Fire Extinguisher fame; and Mr. C. E. Anderson, of Maury & Donnelly's. After the convention adjourns the party will visit the exposition at Omaha.

In the case of Mary A. Kimmell *v.* The Maryland Home Fire Insurance Company in the Circuit Court of this city, Judge Wickes, allowed "stupidity" on the part of the assured to be a good defense when the agent of the company had made a "mistake." The agent had written the wrong name, and the insured had given the name of the wrong party holding a mortgage on the premises. So among so many errors the court thought it to be a case within the remedial power of the court and granted the relief prayed.

Every citizen will commend the determination of Chief McAfee, of the Fire Department, to break up the turning-in of false fire alarms. To that end, with the authority of the Fire Board, he has offered a reward of $100 for the arrest and conviction of any one who is caught at that mischief. The penalty is two years' imprisonment or a fine of $500. In addition to the reward Chief McAfee has adopted a plan of capture likely to be successful, for his fifty men patrolling in citizens' clothes are likely to pick up the offenders.

Ex-Treasurer A. C. Widber, of the city of San Francisco, has been found guilty of embezzling $76,242 of city funds. He was enabled to do the job because he noticed that the Mayor and other officials, instead of counting the money in the sacks merely "hefted" a sample bag; hence Widber saw his opportunity to substitute silver dollars for $20 gold pieces, which he did; and for doing that the Fidelity and Deposit Company of this city had to pay over $100,000. It has been and always will be, a half conviction in the minds of many, that the city authorities by their negligence, contributed to the embezzlement, and that the Fidelity and Deposit were mulcted for that neglect of duty. However, the company has paid the money, and nothing more need be said.

Mr. Levi Z. Condon, a well-known builder of this city, on July 29, 1884, took out a policy with the Mutual Reserve Fund Life Association, paying therefor $30 admission fee and $32.50 every two months in assessments. Subsequently the assessments were increased to $49, and afterwards to $75, and in February of this year to $130, making the annual charge over $700 a year. That was rather more than Mr. Condon or any other man could stand, his payments having aggregated $4600. Mr. Condon also held by assignment a policy for $5000, issued in March, 1885, to B. F. Haines, upon which a call was made in February last for $130 assessment. There is also a policy to Jacob H. Taylor for $10,000 upon which, it is said, that over $9000 in assessments have been paid, and upon which there are now assessments of $329 every two months, and that other well-known gentlemen are paying assessments of over $200 every two months. That condition of affairs is the foundation of an action between Mr. Condon and the Association to restrain the latter from lapsing his policy for non-payment of alleged excessive and illegal assessments. The Association set up the defense that the Maryland court had no jurisdiction, and that the Association must be sued in New York. This defense has been demurred to and argument heard thereon, and the decision has been rendered that the Court had no jurisdiction. The array of lawyers in the case—John P. Poe & Sons with E. H. Gans for Condon, and Bernard Carter, William Pinkney Whyte and John M. Carter for the Association, and T. W. Brundige, John G. Mitchell, Alonzo M. Hurlock and Richard Bernard & Sons for other policyholders, shows the importance attached to this insurance case.

The Palatine Insurance Company, Limited, of Manchester, England, through Mr. William Wood, the manager in New York, has reinsured the business of the Merchants and Manufacturers' Fire Insurance Company of Baltimore. Mr. J. Ramsay Barry, the secretary and general manager, with the assistance of Mr. Edward Cluff, of New York, and Mr. Wm. J. Donnelly, of this city, financed the deal whereby the Hanover National Bank, of New York, through the Third National Bank, of Baltimore, paid for all of the stock at a price of $13.50 per share, when it cost originally $12.50. The offer made to the directors and other stockholders by Mr. Barry was at once accepted, and when over 19,000 shares of the 20,000 were secured, a new set of directors was elected, and the reinsurance contract ratified.

On the 10th at a meeting of the stockholders it was decided to go into liquidation and close up the business.

That the parties in the deal did a good financial strike for the risk they took no one will doubt, and at the same time paid back to the stockholders more than they paid in, and besides they have received in dividends, since becoming a stock company two years ago, $24,000. Mr. Barry has shown he has energy and ability to make anything he touches go, and now that he will give the best part of his time to managing the outside business of the American Fire of Baltimore, and in the local agency work, we will in time find him in the front ranks of our prominent agencies.

Manager Wood showed good judgment in obtaining the reinsurance of the Merchants and Manufacturers, if only to hold the local business, which shows a fire loss in two years of only 28.7 per cent, and is of such a class that any company would be pleased to secure.

Messrs. Ashbridge & Co. will, as heretofore, remain the attorneys and agents of the Palatine, and Mr. Barry has been appointed to one of the several agencies now here.

The Court of Appeals, of this State has handed down an opinion and judgment in the case of County Commissioners of Howard County, *v.* John E. Hill and The Fidelity and Deposit Company of Maryland, which is of peculiar interest and value to all bonding companies. This opinion is not entirely unlike that delivered by Portia, in the Merchant of Venice, where, at that early date, it was ruled by Portia, that the court would not create obligations not "nominated in the bond," and though the pound of flesh was justly and legally due,

it must be taken without drawing blood, and the Court of Appeals holds that "nothing can be taken by construction against sureties," and that "it is familiar law that the contract of a surety upon an official bond is subject to the strictest interpretation." They undertake, in the language of Judge Cooley, "for nothing which is not within the strict letter of their contract. The obligation is *strictissimi juris:* and nothing is to be taken by construction against the obligors. They have consented to be bound to a certain extent only, and their liability must be found within the terms of that contract." So Portia ruled: "This bond doth give thee here no jot of blood. The words expressly are, a pound of flesh. Take thou thy bond, take thou thy pound of flesh. But, in the cutting it, if thou dost shed one drop of Christian blood, thy lands and goods are, by the laws of Venice, confiscate unto the State of Venice." Neither Portia nor Pearce would countenance "mere constructive liability." In the law department of this issue we reproduce the ruling of the Court of Appeals, but the want of space denies us the pleasure of reproducing the learned Judge's refutation of the argument of the appellant's counsel. For all insurance purposes, the part we insert is abundant, and lawyers will consult the books for the argument of the court.

CORRESPONDENCE.

EDITOR OF THE BALTIMORE UNDERWRITER:

The Standard has announced its policy to be not to reply to communications addressed to other publications. This announcement may or may not be its response to my request as published in your columns, for further and more explicit information concerning statements made in one of its editorials. If *The Standard* is content to let the matter rest there, I am.

The proprietor of *The Standard* is generally supposed to be the power behind the throne in the locals as well as in the National Life Association. It is the general belief that his advice controls. He is reported to be in attendance upon the meetings of the executive committee of the National, though not a member, and his hand is supposed to be always upon the tiller. The last convention of that association with its meagre attendance—that is except from the immediate neighborhood—and with its results and influence yet more meagre, if the deductions of the insurance press are correct, together with the waning interest in the local associations as shown by their decreased numbers and membership, have apparently burned into his soul the fact, so long apparent to others, if new to him, that as a leader of an ostensibly reform movement, he is not a howling success.

Seemingly inspired by his impotent rage over this discovery, *The Standard*, in the editorial referred to, attempts to throw the blame for the present state of life association affairs upon others. First, upon those who have previously attended the national conventions but were not at Minneapolis. It calls them "malcontents," who joined the association movement from personal motives and to promote impractical plans, but who were defeated after a long struggle, and then lost their interest in the movement. Second, by implication and inference upon those earnest men who gave so much of time and thought, and were till of late so prominent in the management and councils of the National Association, but who have joined the silent majority—this by saying that *now* that association is in the hands of its friends, "the real workers," and that its progress and future are *now* assured.

Whether by intention or otherwise to slander the living and malign the dead and refuse through slimsy excuse to right the wrong inflicted may be the "policy" of *The Standard*. It will never commend itself to honorable men even as a shield to cover one's own errors and inefficiencies.

The Standard's announced ideas of journalistic courtesy, not to say decency, are its own copyright is not needed to render them exclusive. Whether fairness to the gentlemen named in my previous communication, and to others, demands more explicit statements from *The Standard* that publication must decide. I freely concede it is under no obligation to reply to me. If its "policy" will not allow it to answer my queries I would call its attention to the fact that THE BALTIMORE UNDERWRITER, in a foot-note to my communication, asked for answers, and *The Chicago Independent* commented editorially upon the editorial referred to. *The Standard* can surely notice its contemporaries without sacrifice of dignity. DIXIE.

LETTER FROM NEW YORK.

THE LINCOLN INSURANCE CO.

The petition of the Lincoln Fire Insurance Company's stockhol ers, for permission to voluntarily dissolve the corporation, has bee before Mr. Alfred Lauterbach (who was appointed referee by Justic Bishhoff, of the Supreme Court) this week. Monday afternoo Wednesday and again to-day evidence was taken but no decision ha yet been announced.

Companies having claims against the Lincoln arising from co tracts for reinsurance, etc., are anxiously waiting the result of th petition. It has been understood for some time that there wa enough, as the company left to pay all creditors except stockholde one hundred cents on the dollar; especially if the reinsurance of th underwriters as Mutual Lloyds, which was effected by each unde writer taking out in the Lincoln a policy covering his individu liability, be repudiated. The premiums for these policies, aggr gating some seventy thousand dollars, and throwing on the Lincoln liability of one hundred and forty thousands of liability in retu premiums alone, have never been paid—no consideration for th contract of reinsurance having been passed.

THE NEW YORK AND SUBURBAN COMPACTS.

There is a much better feeling as to the success of the effort form a new compact than there was a few days ago. Why, is ha to explain, as it is well known that several large companies by means favor its formation at this time. We presume they will nothing directly antagonistic, but will simply be passive.

By the end of this week it is expected that Mr. Sheldon w announce his committee of fifteen. He himself is strongly advocat for the position of chairman, though there is a good deal of talk Mr. Kremer, president of the German-American, for the place.

The Suburban Fire Underwriters' Association has this week pra tically reorganized, the officers, staff and property generally of t old association being transferred to the new one. This already h the support of sixty-four companies, against sixty-two of the old, a more are expected to join. We hope that Mr. Sheldon sent a cauti to the suburbanites, asking them to be careful not to do anything th might embarrass any movement for another Metropolitan Tar Association.

The work of this new combination cannot but have a good eff upon the attempt to form the Metropolitan compact.

THE LIABILITY INSURANCE COMPACT.

If the energy shown just now in trying to form protective comb ations for the regulation of various kinds of insurance is in any w a measure of the energy thrown into the business generally, we a having an era of prosperity. On Wednesday, the 12th inst., t managers of the Liability Insurance companies met to take so kind of decisive action as to rates. The new rates, which went force on the 1st of this month, may be withdrawn, but at this ti it is difficult to say positively what may come of the meeting.

The Frankfort and the Frankfort-American, the Maryland Cas alty and the New Amsterdam are the only companies in the coun not represented at the conference.

GENERAL GOSSIP.

It is not a matter of much importance here, but we presume yo gossipy village is still wondering what has become of the Mercha and Manufacturers, of Baltimore. We are. First, its stock is boug and new directors appointed, and the company is supposed to co tinue in business. Then its business was offered here to seve companies for reinsurance. Mr. Barry was here, and the *Journal Commerce* said he succeeded in reinsuring the business, but he s he did not. Sixty per cent commission was asked for the busine Then the Palatine was said to have "absorbed" the company, Mr. Wood says it hasn't.

We presume that Mr. Barry has wisely reinsured the whole of t business he has got on his books in four years, and is now going use the experience gained for the benefit of his new-old company.

It is rumored that the Hartford of Hartford is a silent part in the Reading-Scottish Alliance deal.

Price, McCormick & Co. have gained some little experience- quantity of good stock which will pay them ten per cent—and t consciousness of having shown that, in spite of much unfrien surface gossip, there is nothing of "dry rot" in the composition

the Hanover. We understand that an attempt is being covertly made to gain control of another New York company.

There is altogether too much of this underhand purchase—this gaining control of companies. Like rebellion, it should not be attempted unless there is certainty of success, and this can generally be determined beforehand; it does unnecessary harm. It is noted that some of the "traffickers" in companies have not as a rule made a tremendous success of their own legitimate business. Johnson & Higgins are said to have captured the "Twin Cities" traction companies insurance.

The Rutgers is fairly in harness with the Jameson and Frelinghuysen combination. E. C. Jameson was elected president, William E. Gibson, vice-president, H. C. Kreiser, secretary, J. S. Frelinghuysen, chairman of finance committee, and Alexander Masters, chairman of executive committee at a meeting held yesterday (12th inst.)

E. Couseirs-Smith and J. J. Courtenay of the Imperial of London, started to-day for the West and South, and J. J. Purcell of the Sun is visiting the Western and Southern agents of his company.

The Netherlands Fire (Holland) enters Maine and the District of Columbia.

It is understood that the New York Life will make another effort in the near future to enter Prussia—probably by complying with the Prussian demands. The attempt to keep out the Prussian National, the Thuringia, Magdeburg, &c., by retaliatory laws—has completely failed.

My weekly tour through the New York offices showed fire business here almost at a standstill; as to general business it seems to be gradually improving, but losses have been severely felt—they have been heavier than has been agreeable. Some of the local offices are working with reduced staff, and are very quiet. A.

LETTER FROM ATLANTA.

The city of Macon, Ga., which has been agitating the question of lower rates for the past few months, and which for the past few weeks has been trying to get up a little rate war between its different fire agents there, has certainly broke the camel's back with any idea to securing lower rates, on account of the large and disastrous fire which occurred in that city on the evening of the 12th inst., at which time three or four large handsome stores were totally destroyed by fire, amounting in loss to companies doing business there to the amount of some $200,000 or more. The Macon agents have been claiming that city was carrying the heavy rates on account of the large losses in other towns, and that Macon property holders were carrying the burdens of somebody else. Well, it would not look that way when any one will review the fire record of that city for the past few months. Only about two months ago a hundred thousand dollar fire occurred in that city, which was a loss to companies doing business there of over $75,000. Now right on the heels of that large fire, there comes another one even greater in proportion by double, and still they cry "lower rates." Well, Macon, we don't think you are liable to get them soon. There is a better way to go at it. Reduce your large fire record, and when you have them, don't let them be so large. Companies are losing money there every day, as it is, and surely lower rates won't help them. It is supposed that Hon. Henry Hyrne, who has been the active spirit in trying to get lower rates, and who has given notice that he will cut the present rates, will now take a back seat, or write at regular tariff rates.

Mr. W. C. Petty, a prominent insurance man of Alabama, has moved to Demopolis, in that State, where he is working for the Washington Life.

A temporary injunction has been granted by Chancellor Martin of Little Rock, Ark., restraining the Equitable Life from paying $5000 to the heirs of Sol. Goldsmith, deceased, who held a $5000 policy in that company at the time of his death. Mrs. Sarah Townsend claims that Goldsmith assigned the policy to her, for the consideration of $5000 she loaned him, and she now desires to recover the amount of policy.

Mr. J. Epps Brown has gone into the insurance business at Americus, Ga., having taken into his agency several first-class companies.

Messrs. J. M. Watson & Co. is the name of a new firm that has entered the insurance business in Birmingham, Ala. The members of this firm are well and favorably known over the State of Alabama, and promise to make a splendid addition to the agency force of the city of Birmingham. They will have elegant offices fitted up at 206 North Twentieth street.

Columbus, Ga., has a new fire engine-house just about completed, located at the Union depot, which will add much to the efficiency of the Fire Department of that city.

The local agents at Savannah, Ga., are much stirred up over the loss of a line on the Odd Fellows' Building, and they have called upon the association to make the agent act square. The trouble with most of the local agents of Savannah is that they magnify everything of this character that happens in that city, and are ever ready and willing to plead before the associations their many injuries received at the hands of some little wandering agent, who is absolutely necessary to cut a rate a little every now and then to pay his office rent.

Are the waters pacified in Atlanta at last between the different local agents, who for the past four weeks have been scrapping with each other to such an extent that it looked like a rate war would inevitably happen? The main trouble grew out of the Atlanta Home securing, by cutting the rates, all of the insurance on the public school building in Atlanta. Then came the Manhattan and Germania who proposed to write it still cheaper. Finally, the association directed that tariff companies meet any competition rates that were offered by non-board companies, and then the blue, serene sky did appear, and now everything looks pacified and lovely. From the way things look it would seem that all of these agents here had gotten together and had a general love-feast, promised never to do it again, and to hereafter love each other most fondly. And can it be that the handprints of Captain Gay can be found in this most sublime State. Some people say that it did not take the captain very long to smooth over the waters and put the boys all in a good humor. At any rate peace reigns between the Atlanta agents after all. Why, this rate war was getting to be so large in proportion that it had outstretched the Atlanta boundary lines and had jumped up to Gainesville, Ga., where they were cutting each others throats, writing large risks for 25 cents and such other fabulous amounts.

Messrs. Adams & Boyle of Little Rock, Ark., have been appointed State agents for Arkansas for the Norwich Union. This makes this firm have six general agencies for the State of Arkansas.

The small and progressive little city of Blakely, Ga., not being satisfied with the magnificent record made by its bigger sister "Macon" endeavored to outstretch the latter place and have a bigger fire. So on the night of the 12th inst., early in the morning, fire broke out in that town, at which time property to the amount of $30,000 was destroyed by fire, an entire block being burned. But Macon could not be outdone, so on the 13th inst. she came along and had a $200,000 fire. There is no counting on these Georgia cities—they are making records second to none.

Messrs. Lanier Gray and S. H. Royall, of Charlotte, N. C., have entered into partnership with the intention of going into the insurance business actively in that city. They have already accepted the general agency of the Maryland Life. The firm name will be known as Gray & Royall.

A verdict in the sum of $1400 has been secured by the estate of R. L. Hadaway, at Eastman, Ga., against the National Brotherhood of Railway Track Foremen. This company at first refused to pay the claim. Suit was brought by the heirs and the recovery of $1400 obtained.

Messrs. J. Fred. Ferger & Bro., prominent insurance agents at Chattanooga, Tenn., have received the appointment as agents for the Western Assurance Company of Toronto, Canada, for the city of Chattanooga. This is a strong firm, and will secure a good business for this company.

The secretary of the State of South Carolina has granted a charter to J. P. Sims & Sons, of Spartanburg, S. C. Also a commission was issued at the same time to the Home Insurance Company of Charleston, S. C., with a capital stock of $5000, divided into 50 shares. Mr. James Robinson and James Haygood are the incorporators. The object of this company is to transact a general fire, life and accident insurance business.

Mr. J. Clay Roberts and Mrs. Anna Durham, of Clarksdale, Miss., have entered into partnership in that city for the purpose of transacting a general insurance agency. There are many first-class women insurance agents in the Southern States, and especially in the local fire insurance line. Man can withstand the powers of man, but when a woman tells him of protecting his family, or his home, well, he just simply cannot resist, and the outcome of it is, if a woman has winning ways, as most all of them have, and she strikes often, she is

sure to get the business. If the writer was the manager of an insurance company, he wouldn't employ anything but women solicitors.

The annual meeting of the Farmer's Mutual Fire Insurance Association of North Carolina will meet during the next week at Rich Square, N. C., for the purpose of electing officers for the ensuing year. This company is a new one in your agents category, but the meeting's billed nevertheless.

The City Council of Montgomery, Ala., has raised the city license fee for insurance agents from $200 to $400 per annum, such increase to take effect the 1st inst. Well, this is simply a swindle. The idea of a city the size of Montgomery making local agents in that place pay a tax for doing business of $400 per annum. The city of Atlanta, Ga., only charges a fee of $50, and when the larger agents of that city proposed to ask council to raise the tax to $200 there was a mighty yell, and the fee remained as it originally was, $50 per year; and in Montgomery, where not one fire agent in that place hardly makes $400 per year clear, on his business, they make him come up with $400. If these municipalities only knew that this was the very cause of the high rates in many of the different cities, they would cease calling for such an exorbitant license fee for doing business. It is simply a game of robbery. X. Y. Z.

PASSING COMMENT.

"AGATE" is advised that we did not ask *The Insurance Record* (London) whether there was any difference or distinction between *in*surance and *as*surance, but the reason for changing, *in a quotation*, our expression into one we did not use. That is *not* "English, you know."

***

THE *Spectator* avers that the "Society" is "by no means dead." If that is so, it has more lives than a tom-cat. We are advised that the "Society" has been placed in the Incubator Committee, and *The Spectator* expects it to be hatched out during the next year. But "just what form" it will take puzzles *The Spectator*. But let the "form" be what it may, the "Society" has about as much probability of existence as a sprinkler system for the Colorado forest fires.

***

MR. W. H. DYER, of Boston, may not regard rebating to be as "old as the hills," but in 1872 it was so lusty and strong that the Cincinnati Life Underwriters' Association had for "its main object" the attempt to suppress it. Then it thrived on 15 per cent commissions, and "out of that the agent was accustomed to make a rebate as an inducement for hurrying up the application." There is nothing new under the sun, and rebating and efforts to suppress it are no exceptions.

***

PRICE, MCCORMICK & CO. have given notice of their abandonment of the effort to get a controlling interest in the stock of the Hanover Fire Insurance Company. In a letter to the stockholders announcing that fact, they conclude that: "at the same time we wish to call your attention to the fact that, while our offer was open the price of the stock in the open market rose from 145 per cent a share to 175 per cent,"—which fact we regard as due, not to the effort to wreck, but to the firm purpose of the stockholders that their company should not be wrecked.

***

THE *Insurance Journal* is firm in its conviction that "the State has no call to undertake supervision of insurance in any form and that its doing so is an impertinent meddling with other people's business," and the *Weekly Underwriter* is not less positive in its demand to "let insurance alone. That is the only platform on which intelligent men should stand at this day." Dame Partington was equally indignant at the impertinent meddling of the Atlantic's waves, and that it ought to let her platform alone. Alas! the dame and her broom got the worst of it.

***

THE late National Convention of State Insurance Commissioners reminds the *Weekly Underwriter* "of the famous battle of Blenheim." Was that the place where the fellow

"——— ——— with forty-thousand men
Went up a hill and so came down agen"?

And if so, was that fellow known as State Supervision? Then indeed "'twas a famous victory"—over the left. But among the dead, we note that "Society," stark and cold and "dead as a doornail."

THE report comes from Kansas of a most heinous offense of poisoning to recover insurance money. One Kunkel is said to have poisoned wives, father-in-law, and step-daughter, and yet the fiend is reported to have "had many friends," while for three years he had "been under suspicion by his neighbors of poisoning other members of his family." Strange place, that State of Kansas! where Webb McNall is insurance commissioner and ever vigilant to collect money from insurance companies by compelling the payment of claims like that known as the "Hillmon Case." Now "turn about is fair play," and Webb ought to interview Kunkel in the interest of the companies. Will he do it?

***

THE Washington *Post* of Sunday, October 16th, says that "the Commissioner of Internal Revenue has ruled that if renewal receipts with life insurance policies operate as a new insurance, they should be stamped the same as an insurance policy. But if the 'renewal' receipts are simply for the yearly or monthly premiums they require no stamp; also that an order for the payment of money given by the secretary of a lodge or other society on its treasurer in favor of another party, must be stamped at the rate of two cents each."

This appears to be a new ruling, but without examining the many which have already preceded this, it is impossible to say whether this changes any previous ruling, or is merely a new trouble in the way of understanding the Revenue War Tax Law.

***

THE rapid progress which this country has made of late years has attracted a new planet, which is said to be making advances towards annexation to the earth. A German astronomer, Herr Witt, discovered this new comet, named it "D. Q.", after our well known P. D. Q. This last member of the D. Q.'s is rushing with all the alacrity of its American relative into our orbit. The newcomer has the "eccentric" characteristic of its American friend, at least in its orbit, and has already cut in between Mars and Venus, and has been detected interviewing the Moon. The observers at the Washington Naval Observatory have been instructed to "catch on" to "D. Q." at the earliest practicable moment, with a view to the "fundamental unit," of which "P. D. Q." has not shown the least trace. The insurance features of D. Q. are: "small in size," "quick in motion," and "rather red," indicating too frequent use of alcoholic beverages.

***

W. B. SCOTT, Commissioner of Internal Revenue, advises the fire insurance profession, through *The Standard*, that "in relation to the indorsement of a policy of fire insurance wherein the loss, if any, is made payable to . . . as their interest may appear, such an indorsement is not subject to taxation, nor the policy to any further tax." And that "policies of insurance issued previous to July 1, 1898, assigned or transferred after July 1, 1898, are subject to taxation according to the unearned premium." And that "the indorsement of the removal of property from one location is not such a transfer of the policy as would require a stamp." That the section of the Massachusetts standard fire insurance policy relating to a statement in writing setting forth value, interest of insured, and other insurance thereon, and that relating to the failure of parties to a policy to agree as to amount of loss, etc., neither require further stamps, and that a notary certificate requires only one ten-cent stamp.

***

THE *Standard* has a "policy"—not an insurance, but an editorial policy—that of silence, which under existing circumstances may be convenient, but is not altogether the right thing. Our contemporary in its leading editorial pictured the present condition of the National Association of Life Underwriters, and said hard things about those who had withdrawn. In doing that *The Standard* "put its foot in it," and "Dixie" but pointed to that foot, and "Disgusted Delegate," feeling himself trod upon, expostulated in positive but respectful language. *The Standard* turns a deaf ear to these appeals, but without removing its foot. And while announcing its "policy" to be not to notice any communications respecting itself in other journals, inserts a criticism of the *Weekly Underwriter* from a correspondent entitled to no more respect than "Dixie" or "Disgusted Delegate." 'Taint right, but in order to let the "policy" stand unimpeached, while at the same time justice and right may be done, we invite *The Standard* to *subrogate* the BALTIMORE UNDERWRITER, for "Dixie" and "Disgusted Delegate," for we are the endorser but not the drawer of the protested bill on *The Standard*.

***

THERE would be a grand inning for insurance if the Czar's manifesto of peace, good-will towards all men, could be followed by the

disarmament of nations. But the outlook that way is not encouraging. The sound of our own war-guns had hardly died away before there came the news that this same Czar had an army of 20,000 men at Port Arthur, looking for an occasion to seize other provinces of China, and simultaneously we hear that England's China fleet has sailed away from Chee-Foo to Ta-Ku to make a naval demonstration there; next we hear that England, France, Russia and Italy are to pacify Crete by coercing the Sultan into submission. The French await the English at Fashoda, and the latter ascend the Nile, singing as they go:

"So come, ye foreign soldiers, and we care not who you are,
The Dervish of the Mahdi, or the Cossacks of the Czar;
Our army may be little, may be scattered, as you say,
But a little British army goes a damned long way!"

But amid these direful portents the bow of peace springs joyfully over the Metropolitan District of New York, and President Irwin knows that the millennial period for insurance rests on regulated rates, and that "war 's a game" which companies should not play at. But as the people now enjoy "the elegant simplicity of the 3 per cents," lower insurance rates will not be inappropriate.

***

McNALL was not there! Of all the absent ones he was the most conspicuous, the one most missed, most looked for, and who most needed the humanizing influence of that detestation in which he is held. He may never comprehend how much he missed nor how much he was missed. Nevertheless his absence made him conspicuous and made others wonder if he felt that in attendance he would be out of place; that other commissioners would resent to his person the obloquy he has brought on State supervision. We don't think they would have done so, but the opportunity would have been tempting and the insults might have been flagrant. Hence, perhaps it was wisdom, certainly discretion, for him to keep out of sight. How would the officers of companies have met him? Notwithstanding the demands of politeness which, on such occasions, are always recognized and submitted to by gentlemen, it would have required much self-restraint on the part of officers to have recognized and exchanged salutations with McNall. Some might have done so and washed their hands immediately afterwards, but there are others who would have been tempted to use the boot. Hence, probably it was for the best, all round, that McNall staid away. He is one of men whom the poet had in view when he said: "Use every man after his desert, and who should 'scape whipping."

***

MR. F. C. OVIATT, editor *Philadelphia Intelligencer*, who has within the last few years read several excellent papers before different gatherings of insurance men, read before the Fire Underwriters' Association of the Northwest, at Chicago, on Sept. 27th, a very interesting paper on "The Field Man as Seen by the Outsider."

According to Mr. Oviatt, and we think he is right, the field man to the outsider is the personification of the company, the one person responsible for all that may go wrong, and to whom is due credit for all satisfaction given. "Perhaps," says Mr. Oviatt, "the outsider does not know all about the business of fire insurance, but he does know what sort of a special agent he had rather deal with, and what sort of a man he will deal with when he gets a chance to show a preference. The outsider in the sense of the man who buys insurance makes the company a possibility. The company cannot run without the assured. The company is an engine and boiler. It is ready for work. The fuel to furnish the necessary steam is the business produced by the local agent. Without this fuel the company, no matter how well named, or how much capital it has, is only a mass of cold financial iron. The premiums gathered by the local agent start it a going. The power developed depends upon the supply and character of the fuel. The man who looks after the supply and character of fuel is the field man. If he is cramped by having little or no power of decision there is likely to be poor fuel or else a scanty supply."

It will be hard to find more common sense in the same number of lines than is contained in that paragraph, and yet there are managers who will regard the consequences to follow as likely to lead to the transfer of the management of the business from the home office to that of the local agent. Nevertheless, Mr. Oviatt is right, when he says: "If the manager does not trust matters to the field man which appear to be within the scope of his work, the outsider may be excused if he shows a preference for the man who is able to answer ordinary questions as they arise."

There is much good hard sense as well as excellent advice in Mr. Oviatt's paper.

WHILE Secretary Gage is reported in the daily press, as not intending to recommend in his annual report any changes which would repeal the taxes imposed by the War Revenue Law, Internal Revenue Commissioner Scott is reported as intending to recommend "some changes in the present law," with the view of "smoothing down the roughnesses which the operation of the law has shown to exist." The particular "roughnesses" indicated are those growing out of the refusal of express and telegraph companies to pay for the stamps, as the law intended. But the "roughnesses" go further, and have attached themselves, like barnacles, to the insurance business in all its forms. "The surplus in the treasury, including the gold reserve, is now $314,000,000," and growing daily, with good prospects of still further increase.

It is further said that since July "the receipts from internal revenue sources have aggregated about $65,000,000, and the estimate for the entire year is $300,000,000, as against $170,000,000, which was the total for last year." When these figures are confirmed officially there will be ample room for relieving the insurance business from "roughnesses" which, at best, contribute but a small item in these immense totals. Hence we ask Commissioner Scott to report to Congress the actual amount contributed by the sale of stamps to insurance companies, in order that Congress may act intelligently on a proposition to relieve that business from unnecessary "roughnesses." "Annoyances" and "roughnesses" are incidents to every system of taxation, but when any business can be relieved from them, without material loss to the treasury, a better administration of the necessary taxation will ensue.

"WHY? BECAUSE."

There are reasons which induce many persons to believe that next year, 1899, which closes the century, will be the most remarkable in the century's history. Will it prove so for life insurance? While we cannot answer with certainty, it is apparent that the Equitable Life Assurance Society intends that no effort shall be spared on the part of its management to make the year phenomenal, and there are reasons for believing that the management will succeed. In preparation therefor, life insurance men may read elsewhere in this issue "Why?" with the eight "Becauses," and find excellent reasons for expecting a remarkable result. No one can doubt that the Equitable's policies will be as promptly paid as the Government's bonds. The Society is proportionably as financially strong as the Government, without the disturbing factors of politics, currency and policies. Its surplus of over $50,000,000 is greater than that of the United States, proportionably to the calls that can be made on the Society and on the Government.

That surplus not only measures financial strength, but is the source from whence comes the returns to policyholders known as dividends, thus measuring alike the ability to pay and the amount to be returned. Hence the Equitable's surplus earnings have been larger than those of any other company, aggregating each year, for the last five years, over $2,000,000. The Society claims that no other company can point to such a record or that any other company pays its policies with equal promptness. There is an old adage that "every crow believes its young to be the whitest," and the magnificent success of the Equitable justifies that pardonable pride.

The Society has been the pioneer of reforms in policies, and is justly entitled to the credit of having popularized life insurance. At the same time it has been mindful of the builders—the agents—until it is regarded as the agents' company. With the latest and most approved forms of policies, with a recognized promptness in paying all just and proper claims, with every guarantee of financial safety, it offers first-class positions and territories to first-class men—none others need apply—for there is nothing second-class about the Society. It means business—for the Society, for the agent and for the insured, and has no places for anything but business—real, substantial, sure-enough business. Men able to fill the bill can get a place at the front, where they will be backed by the Society with all its well-earned reputation, with all its well-known push and vim, with its enormous surplus, and its world-wide fame as the most remarkable of American life companies. We invite the attention of first-class life insurance men to the advertisement, Why? and its Becauses, and advise them not to stand upon the order of their applying, but to apply at once, for such places will not long remain unfilled.

Law Department.

Court of Appeals of Maryland.

STATE OF MARYLAND, USE OF COUNTY COMMISSIONERS OF HOWARD COUNTY
v.
JOHN E. HILL AND THE FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

April Term, 1898.—Filed June 29, 1898.

Appeal from the Baltimore City Court.

Argued before McSherry, C. J., Bryan, Fowler, Briscoe, Boyd, Page and Pearce, JJ.

Pearce, J. This is an action for debt for the use of the Board of County School Commissioners of Howard county, upon the official bond of John E. Hill, as secretary and treasurer of such board; the Fidelity and Deposit Company of Maryland being his surety upon said bond, and the suit being brought to recover the amount of certain payments made by him during his term of office, and claimed by the appellants to have been made without warrant of law, and in violation of the condition of his bond.

The appellee claims not only that all these payments were ordered by the Board of School Commissioners, but that they were authorized by law, and further, that even if not warranted by law, that the defendants are not liable upon a proper construction of the language of the bond for any payments made by Hill on the order of the board; and the agreed statement of facts upon which the case was tried below, shows that each of these payments now sought to be recovered was made upon the formal recorded order of the Board of County School Commissioners of Howard county. If the payments thus made do not constitute a breach of the condition of the bond, there can of course be no recovery upon the bond in respect to said payments, and we proceed at once to consider this question.

The material part of the condition of the bond is as follows: "That if the above bound John E. Hill shall faithfully perform the duties of secretary and treasurer of the Board of County School Commissioners of Howard county, and shall pay over and apply all moneys that shall come to his hands or care as treasurer to such persons and in such manner as said Board of County School Commissioners shall direct . . . . then the above obligation to be void."

Article 77, Section 67 of the Code of Public General Laws of Maryland requires the secretary and treasurer to give bond to the State of Maryland, with surety to be approved by the board, and in such penalty as it shall determine, with condition "that he will faithfully perform the duties of secretary and treasurer, pay over and apply all moneys that shall come to his hands or care, as treasurer, to such persons in such manner as said board may, under the provisions of this article, direct."

It will thus be seen that in the condition of the bond given the words of the statute, "under the provisions of this article," are omitted. It appears from the agreed statement of facts, that Hill offered to give to the board a bond with private persons as sureties, to be satisfactory to the board, but that the board, deeming it best for the interests of the school fund, required a bond in a regular surety company, and that thereupon the bond now sued on was given and approved; and it further appears from said statement that the words "under the provisions of this article" were deliberately omitted from the condition of the bond, by the surety company, for the express purpose of preventing any liability attaching to it, by reason of any mistake made by the board itself in ordering the payment of any moneys by Hill, and that the surety would not have entered into any bond, the effect of which would be to guarantee the legal correctness of the orders of the board, in addition to the honesty and integrity of said Hill, his faithful performance of duty, and a strict compliance with the orders of his superiors. In Archer *v.* The State, 74 Md., 450, Archer then being State treasurer, and duly qualified as such, was, on January 13, 1888, appointed by the legislature his own successor, and on January 27th he executed a new bond with security, but neglected further to qualify under that appointment until November 18, 1889, when he took the prescribed oath, and the Governor approved his bond. In a suit by the State on this bond, it was held no action could be maintained thereon, and this court said:

"It is familiar law that the contract of a surety upon an official bond is subject to the strictest interpretation. They undertake in the language of Judge Cooley, 'for nothing which is not within the strict letter of their contract. The obligation is *strictissimi juris*; and nothing is to be taken by construction against the obligors. They have consented to be bound to a certain extent only, and their liability must be found within the terms of that consent.' The bond recites that he was duly appointed treasurer July 13, 1888, pursuant to the constitution of the State, and is conditioned for the faithful discharge of all the duties required of him by the constitution and laws in all things pertaining to his office, under that appointment. That is the contract into which the sureties entered. It would be doing violence to its terms, if the contract could be read as making the sureties responsible for the discharge of any duties save those that became incumbent on him by that appointment and a disqualification thereunder." The above citation will serve to show with what strictness this court protects sureties against mere constructive liability.

In the case at bar, the breach alleged, is that the payments claimed were made without authority of law, while the condition of the bond, the breach of which is alleged, is that all payments should be made to such person, and in such manner as the board should direct. Tested by the plain and unequivocal language of this condition, Hill has fulfilled the letter of his contract, and it was to that extent only the surety consented to be bound. Beyond that it can only be bound by construction, and this court has said, "nothing can be taken by construction against sureties." It would seem, where the language of a contract is thus plain, and the utterance of this court just quoted is so emphatic, that we might rest upon it without hesitation.

DEATH caused by blood-poisoning by germs in cotton placed by a dentist in a wound made by the removal of teeth to stop hemorrhage, is held, in Kasten *v.* Interstate Casualty Company, (Wis.) 40 L. R. A., 651, to be within a condition of an accident policy denying liability for injuries resulting "wholly or in part from poison or anything accidentally or otherwise taken, administered, absorbed, or inhaled."

Medical Department.

MEDICAL SELECTION FOR LIFE INSURANCE.*

BY BRANDRETH SYMONDS, A. M., M. D., *Senior Examining Physician of the Mutual Life Insurance Company for New York City.*

[From the *Medical Record*, August, 1897.]

[*Concluded.*]

These persons are more often quite stout, sometimes very fat, and their obesity is apt to run to large and pendulous abdomens. It is possible that the dragging on the liver by the falling abdominal wall, with the consequent disturbance of the hepatic circulation, may act to produce glycosuria, for in some cases this is entirely removed by the use of a snug supporting abdominal belt. Most of these cases are non-insurable on other grounds than the presence of glycosuria, but occasionally that is the only bar. In such cases, when the sugar has disappeared from the urine, it must be determined by repeated examinations that it stays away and that this absence is not due to any change in the diet. We should also seek for some cause for the temporary glycosuria, such as the ingestion of sweet wine, of candy, or of fruit in excess. Nearly all these cases should be postponed for some months, but ultimately after careful investigation a few may be accepted.

(*b*) When an applicant states that he has had any sickness, the questions that arise are: Has it left any permanent disability? Has it a tendency to recur? Is it the symptom of a serious disease?

A permanent disability would usually be found on examination, but not infrequently our methods of physical exploration will fail to reveal the latent sequel of a disease, especially if it involves the abdominal or pelvic organs. There may also be some doubt in regard to the technical skill of our examination. For these reasons a risk is usually postponed after a severe illness until such time as would make the latent sequels manifest if there were any such.

Some diseases have a tendency to recurrence, and this must be guarded against by postponing consideration of the risk until reasonable danger from this cause has passed. Each of such diseases must be considered separately, for the same rule will not apply equally to gout and appendicitis; to rheumatism and gall stones. In cases in which the disease has recurred repeatedly, insurance should be withheld either permanently or until many years after the last attack.

Certain conditions, inconsequential in themselves, are of importance as being the manifest symptoms of deeper and more serious trouble. The loss of two or three drachms of blood is a matter of no consequence, *per se*, but if it comes from the lungs it is of the greatest significance and must be regarded as very serious. In Dr.

---

*Read before the American Social Science Association, Department of Health, September 2, 1896.

Marsh's report on the mortuary statistics of the Mutual Life Insurance Company of New York, he says: "The general ratio of the consumption mortality was 19.74 per cent, while in these cases [those in which a history of hæmoptysis was given] it is 34.92 per cent, or nearly double. . . . In less than half the cases the supposed source or cause of the hemorrhage is given, and in the majority of these it was reported as slight, as coming from the throat and nose, or as the result of an injury or excessive exertion. These explanations are mostly given in the consumptive cases, and our experience shows that statements indicating the cause of the hemorrhage are usually untrustworthy, as patients always, and physicians sometimes, are apt to delude themselves with the most hopeful views."

(*c*) When we come to look at the family history of an applicant, we are confronted with a great difficulty, the lack of accurate knowledge on many points that are essential. For instance, very few can give the full names of all their four grandparents. Ignorance on a point considered by most people so essential as this indicates even greater lack of knowledge about the duration of their lives and the cause of their deaths. We have to pierce through this haze of misinformation and imperfect knowledge as best we can. Fortunately, as a rule, the applicant for life insurance gives the most favorable presentation that he knows or does not know. He not infrequently states that his parents died of "natural causes," or still better, of "nothing serious." Of course he means to imply that the cause of death was not one of those diseases which are usually regarded as hereditary. It follows naturally that we put the worst possible interpretation on all equivocal answers in the family history. This feeling of distrust is justified by certain facts. Thus Manley investigated certain cases in which there was a family history of consumption.* To offset this family history policies were issued only when such applicants were physically above the standard. In spite of this superior physique, the mortality proved to be above the average. Where only the father was consumptive, the actual mortality was twenty-four per cent in excess of the expected; where only the mother was consumptive, the actual mortality was twenty-five per cent in excess. But now note this: where the father did not die of consumption and the mother's death was ascribed to childbirth, the actual mortality was twenty-eight per cent in excess of the expected. In other words the death of the mother from childbirth had as unfavorable an influence upon the longevity of her offspring as her death from consumption. The most plausible and the most probable explanation of this is that these applicants made a mistake when they stated the cause of the mother's death. The idea of consumption is so dreaded, by the laity especially, that a case of it in the family is forgotten as soon as possible, or some fable about it is gradually invented, amplified and polished, until finally it passes as the truth.

On the other hand, we tend to give less and less credit to hereditary influences in the development of certain diseases. Tuberculosis is now recognized to be a germ disease and distinctly contagious. If the dose of the tuberculous poison is sufficiently large, any man will die from it, no matter how great his strength and vitality. If the husband develops consumption, and the wife, in her tender, loving care, becomes infected by him and both die of it, surely it is not right to credit the children of these with a double inheritance of this disease. The inability to resist such a destructive process is almost the only part that is inherited, and this can largely be determined by itself from the physical examination and the previous personal history of the individual. Necessarily much precaution must be taken in selecting such cases, and only those which are distinctly above the average in both these respects should be admitted to life insurance on terms of equality with others. The possibility of any present family contagion should be carefully guarded against. A person who is living with a tuberculous relative is in much greater danger than one who has lost several relations eight or ten years previously.

A strong, although as yet unsuccessful, effort is making to prove that cancer is also caused by a parasite. At any rate the trend of professional opinion questions the capacity of hereditary transmission which was once ascribed to it. Here the pathological ignorance of the laity works to their detriment, for any fatal tumor is apt to be called by them a cancer.

(*d*) We stand on much firmer ground when we come to the occupation of an applicant, as this can seldom be disguised or concealed. Some occupations are so hazardous that no company will insure the participants in it at the regular rates. Good companies rigidly exclude such persons as brakemen, aeronauts, bartenders, etc., simply because the risk in them is too great. The mortality in these classes is so great that it would be unfair to the other members of the company. Among occupations which stand highest in point of longevity are those of farmers and ministers. Physicians, I regret to state, have not a longevity above the average. Modesty forbids me to mention the altruistic qualities which cause this sacrifice. Another factor in the material environment is the place where the applicant lives. Some countries are so lawless that life insurance and they are incompatible. One can hardly imagine for instance any life insurance company doing business in Crete or Armenia or Upper Egypt. Again, some countries are so unhealthy that the mortality far exceeds what we regard as proper. In such countries insurance at the regular rates would be preposterous and is not attempted. In some of them an actuary can determine the premiums suitable to this increased mortality. Insurance can then be effected without detriment to the other members of the company.

*"An Attempt to Measure the Extra Risk Arising from a Consumptive Family History." Journal of the Institute of Actuaries, vol. xxx.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, NOVEMBER 5, 1898.

DEATH-RATE IN BRITISH NAVY AND ARMY.

In the *Journal of the Institutes of Actuaries* for October, 1898, there will be found an able and interesting paper by James J. McLaughlan, F. F. A., Secretary of the Scottish Equitable Life Assurance Society, "On the Mortality in the British Navy and Army, as Shown by the Official Reports."

The paper is necessarily filled with tables, which prevent quotation to a very great extent, but American life insurance companies may consult this number of the *Journal* with profit and instruction in view of the fact that both the American navy and army will remain very much larger in numbers than heretofore.

The conclusions of Mr. McLaughlan are, as to the navy: 1st, "That the extra death-rate among active naval lives of the whole force during the ten years from 1886–1895 was 1.8 per 1000; 2d, That the extra death-rate among mixed naval lives, due to impairment of health among the active naval lives, may, judging from the experience of the same period, be fairly taken at .5 per 1000; and 3d, That the risk of death in active service in time of war may be taken as equivalent to a death-rate of 3.8 per 1000. Adding together these rates as a sufficiently correct method of obtaining the desired result, we arrive at $1.8 + .5 + 3.8 = 6.1$ per 1000, as the extra mortality which may, for life insurance purposes, be considered as incident to service in the navy."

The conclusions as to the army are: 1st, "That the extra death-rate among the active lives of the total army during the ten years 1886–1895 was 4.7 per 1000; 2d, That the extra death-rate among mixed army lives, may, judging from the experience of the same period, be fairly taken at 1.4 per 1000; and 3d, That the risk of death in active service in time of war may be fairly taken as equivalent to a death-rate of 3.8 per 1000. Adding these rates, we obtain $4.7 + 1.4 + 3.8 = 9.9$ per 1000 as the extra rate of mortality which may, for life insurance purposes, be considered as incident to service in the army."

In calling attention to the report of Messrs. Smee & Ackland, in 1890, to the Gresham Life Assurance Society, Mr. McLaughlan quotes that "after carefully weighing the available data, and giving consideration to the conditions of modern warfare, and the present strength and efficiency of European armies and navies, and also to the diminished mortality in respect of climate risk, we propose, for the purposes of the report, to estimate that the British army and navy will be engaged once in 40 years in a national war, involving the calling out in active military service for a term

not exceeding three years of two-thirds of the whole 'force of officers and men in both branches of the service.' It is interesting to notice, in connection with this point, that Lord Roseberry, speaking some weeks ago before the Association of Chambers of Commerce, reminded his hearers that the country had arrived at the dangerous epoch, for it had not been engaged in a European war for forty years."

The news that daily comes from London and Paris seems about to confirm the prognostic of the scientists; nevertheless, we hope and believe that both England and France will see that "discretion is the better part of valor," and that Fashoda is too trifling an incident to involve war between those great nations, with the probability that all Europe may be dragged into the conflict.

It will be a surprise probably to our naval authorities to learn that the Mediterranean naval station carries the highest death-rate of all English naval stations, rising to 10.6; and that the North American and West Indies station is the lowest, 5.1 per 1000; the average for all stations being 7.0 per 1000. Another fact equally interesting to our naval authorities is that "on the East Indies station, the extra death-rate increased from 2.7 per 1000 in the first period of five years to 4.1 in the second period. The extra invaliding rate, on the other hand, fell from 43.4 in the first period to 16.5 in the second."

The insanitary condition of the Mediterranean station is due to the filthy condition of the towns and harbors, but considerable improvement has been effected of late years, and if the period of time covered be divided in two parts, the extra invaliding rate is 22.0 in the five years 1886–1890, and 14.2 per 1000 in the five years 1891–1895.

The extra rate of mortality for insurance purposes in the East Indies station is found to be 7.0 per 1000 in the five years 1886–1890, and 5.8 in the five years 1891–1895.

A most remarkable decrease in the rate of mortality in the army of the United Kingdom is noted between 1866 and 1896, the rate falling from 10.6 to 5.5.

The paper of Mr. McLaughlan and the "discussion" thereupon will be found both interesting and instructive to American life insurance companies.

INSURANCE OR ASSURANCE? BOTH!

When this journal asked a London contemporary why the latter had changed the word "insurance" into "assurance" in a quoted article, there was no idea of reviving a discussion which was once thought to be really material in the business. The literature of insurance shows that at one time there was thought to be a distinction which ought to be drawn and adhered to. Mr. Babbage in his "Comparative View of the Various Institutions for the Assurance of Lives" says: "The terms *insurance* and *assurance* have been used indiscriminately for contracts relative to life, fire and shipping. As custom has rather more frequently employed the latter term for those relative to life, I have in this volume entirely restricted the word *assurance* to that sense. If this distinction he admitted, *assurance* will signify a contract dependent on the duration of life which must either happen or fail, and *insurance* will mean a contract relating to any other uncertain event, which may partly happen or partly fail."

Hence the Insurance Record (London) has high authority for using *assurance* in regard to life, but we still contend that there was neither authority nor usage to justify the change of *our* language into that of Mr. Babbage. The distinction sought by that writer has long since been discarded, and is no longer observed. Neither is that other distinction recognized, that "a person *insures* his life, house or property, and the corporation *assures* to him in each case a sum of money payable in certain contingencies;" nor does "*assurance* represent the principle and *insurance* the practice"—but the two words are synonymous and convertible, and one is as correct in principle or practice as the other. Nevertheless, even a matter so unimportant, the right exists to be quoted as written, and not as another may think it ought to have been written.

But we have been taken to task by our Manchester contemporary, the *Policy-Holder*, in the following manner that: "'The spirit of' 'damnable iteration' which permitted the BALTIMORE UNDERWRITER to use the words 'our contemporary' three times in one short paragraph is almost as irritating as the pedantry of the *Insurance Record*."

Now, for the sake of that *entente cordiale* which exists and ought to be cultivated between the two Anglo-Saxon countries, so that they may rule not only the nations but their languages, we will rewrite the "irritating" paragraph with due regard to the suggestions of the *Policy-Holder*, and say: "As *it* thought proper to alter, in every instance, our expression *in*surance, and quote us as using *as*surance, we would like to know *its* reason. What distinction or difference does *it* draw between *in*surance and *as*surance?"

Is that "damnable *it*eration" less "irritating"?

But to return to the two words, we think the true distinction to be that it requires very great assurance to do much insurance, and that this distinction is illustrated by that wonderful American institution, the Equitable Life Assurance Society, whose president, from start to finish, has exemplified assurance in the sense of self-confidence, firm persuasion, freedom from doubt, and infused into every employee the spirit that has accomplished more insurance than was ever written by any other organization in the same length of time, hence assurance is necessary to insurance.

CORRECT TERMS.

Actuary Archibald A. Welch of the Phœnix Mutual Life in an address before the Actuarial Society was more happy in his argument than correct in his designations. His subject was "Individualism *vs.* Communism in the Conduct of a Life Insurance Company." There is no rightful definition of the word "*communism*" by which it can be applied to any part of the conduct of the life insurance business.

The original "commune" is the designation of an administrative subdivision in France; but the derivative "*communism*" is the name by which certain schemes of social innovation against the institution of private property are described, and

> "What is a Communist? One who has yearning
> For equal division of unequal earning;
> Idler or bungler, or both, he is willing
> To fork over his penny and pocket your shilling."

There is nothing in life insurance which has any relation either to the *ism* or the *ist*, and we protest against an alliance even for "the sake of the argument."

There may be some difficulty in finding an opposite of "individualism" which shall terminate in the same form. But that is by no means essential either to the argument or its form of presentation. It is more important in discussing life insurance problems or propositions to be logically correct than to be rhetorically elegant. But to use a term so absolutely revolting to every sympathy with life insurance as "communism" is to err not only against all the rules of rhetoric but also against every suggestion of logic.

THE FUTURE OF LIFE INSURANCE.

According to the United States Treasury officials, this country opened the year 1898 with 73,725,000 population, and that does not include about 10,000,000 "captured and abandoned" in Porto Rico, Cuba, the Philippines, and a few more outlying places not now remembered. Eighty-three millions is a right goodly number of people for the operations of life insurance men, and barring the vast percentage of the uninsurable, there will remain an ample harvest-field if the reapers are able to glean it. The vastness of that field becomes more apparent when the small per cent which is already insured is contrasted with the large number of uninsured, even after setting aside the really uninsurable.

Some faint idea of the possible national beneficence of life insurance may be formed, if one compares what a single life insurance company has done for the comparatively few among so many millions, and then extends that beneficence over the millions yet uninsured. On August 29th last the Mutual Life reached the "epoch" of $200,000,000 of death claims paid, and on June 30th it had paid $240,601,041 of death claims and endowments. We have no data which enables the apportionment of these sums to the beneficiaries and hence no means of approaching the vast sum which the Mutual Life Insurance Company alone could distribute among all insurable persons. But the total payments of death claims and endowments of 31 companies, to June 30, 1898, aggregated $1,132,532,077.

That enormous sum of money baffles the mental faculties of most men, and yet the companies which have paid it are more prosperous to-day than ever before in their history, and more able to meet the future demands of their business. In fact the history of life insurance by American companies, after all that has occurred—all mismanagement, for we do not believe there has been any intentional bad management—is to-day, at the threshold of the 20th century, the most remarkable success of all financial business in the world's history. The more it pays out, the more it has with which to pay; the older it grows, the younger it is in vigor, usefulness, and capacity for good. Nothing in fabled story or actual history can compare with American life insurance, either in its progress, its strength, its beneficence or its possibilities of good to mankind. It is not beyond probability that within the next ten years the Industrial life insurance companies of the United States will have issued as many policies as there are people in the United States. The business has come down to the lowest strata of society and brought its beneficence where it will do the most good. At the same time it has reached up to the highest strata, and found that none are too wealthy to do without its benefit. The enormous sums of money which are necessary to its success in the distant future are trust funds of the most sacred character. They ought not to be manipulated or exploited by their management toward selfish ends, nor depleted by taxation or schemes for present sharing in them, like statutory surrender values, but carefully guarded against all the vicissitudes which an ever-changing and progressive civilization will necessarily entail. The paternalism of political party government under State supervision is the worst possible regimen for its future safety.

"Non tali auxilio, nec defensoribus istis
Tempus egit"—

Not such aid nor such defenders does the time require.

A CONDITION, NOT A THEORY.

The discriminatory tax cases, now before the Iowa Supreme Court, will attract the attention of insurance men with much interest. The Scottish Union and the National have resisted the payment, and Messrs. McVey & McVey have filed an able brief against the constitutionality of the tax. It has been assailed as contrary to the State Constitution, as well as against the Federal Constitution, in fact, as contrary to every fundamental principle of taxation. In addition to those cases, a special dispatch to the *Journal of Commerce* says that:

"Action will be instituted in the Iowa courts within a few days to secure an injunction preventing the State treasurer from attempting to collect the discriminatory tax imposed upon foreign companies by the act of the State legislatures. This move has just been decided upon by the representatives of foreign companies who have given the necessary instructions to attorneys McVey & McVey of Des Moines. The litigation will be entirely separate and distinct from the case now pending before the Supreme Court of Iowa, and which it is believed will soon come up for argument."

With every hope for the success of the companies in these cases, and with every conviction that a discriminatory tax against insurance companies is contrary to every sound public policy, we fear there is not much probability of success for the companies. The discriminatory tax, whether constitutional or unconstitutional, is a *condition* imposed by the State for admission to do business, and such a condition, while pronounced by the United States Supreme Court to be unconstitutional, has yet been permitted to exist and be enforced. It is one of the anomalies of our system of government that while the Federal Constitution is the supreme law of the land, and any State law repugnant thereto is null and void, yet the Supreme Court, while pronouncing a State law which forbade a transfer from State court to federal court to be unconstitutional, nevertheless permitted that unconstitutional law to be a proper condition with which the company must comply or stay out of the State; it was null and void as a law, but valid as a condition precedent to admission.

Whatever may be the theory of constitutional construction in these cases, there stands the accepted doctrine that a State may exact any condition to admission, and the companies must comply or stay away. So long as the companies are outside of interstate commerce they have no right to enter a State, and can do so only by complying with her conditions, and there is no authority outside of the State to set in judgment on her conditions.

Of course, if the Supreme Court of Iowa shall declare the discriminatory tax to be in violation of the State Constitution, and follows its decree with a mandate to the collecting officers, the companies would win. But what probability is there that the judiciary of a State will curtail the taxing power of the Legislature?

There is but one possible relief for insurance companies from hostile State legislation, and that lies under the interstate commerce clause of the Federal Constitution.

THE October session of the Life Underwriters' Association of New York, after a brief business meeting, in which president R. E. Cochran reviewed the work of the National Association, and Mr. Philip H. Farley addressed the meeting on the social features of the National Convention, turned its attention to matters outside "the shop," and heard Com. Higginson on "Our Navy," and Mr. Charles Rabadan on the "Economic and Political Future of Cuba."

It is because "the boys" never lose a chance to pick up an idea, an expression, or information on any subject, that one finds among them some of the best informed and most agreeable "talkers." It is true that talking is an essential in their business, and is necessarily cultivated, but then their "talk" is varied and entertaining outside of business, and makes them the agreeable *raconteur*, whose side-splitting anecdotes make pleasant so many evenings with life insurance men.

PASSING COMMENT.

THE report of the Superintendent of Insurance (W. Fitzgerald) of the Dominion of Canada, for the year ending 31st December, 1897, has been received. Apart from the usual features of such a report there is much information as to legal decisions and legislation, which will be of use to companies and their attorneys.

***

THE notable papers lately read before the National Convention are finding place in the English insurance papers almost as fully as in those of this country. Liberal extracts from that of Judge Koon, as well as from those of President Greene, Actuary McClintock, and that by George D. Markham, of St. Louis, before the Local Fire Insurance Agents at Detroit, appear in *The Insurance Post* (London).

***

OUR thanks are returned to the Hon. William A. Fricke for his "Compilation of the Insurance Laws of Wisconsin, in effect September, 1898," and in this connection would extend our congratulations to both the Union Central Life and Dr. Fricke for the new arrangement by which they are to work together for the benefit, we hope, of many thousand persons who may insure their lives with them. What State supervision lost the Union Central gained, and that's a good deal.

***

"PRACTICAL POINTS FOR PRACTICAL PERSONS" is the title of a very practical pamphlet from that most practical of life insurance companies—the Metropolitan Life. This little beauty is chock full of the good points of the company, presented in nut-shell form, but none the less complete in its explanations as well as in its tasteful illustrations. "Our telephone" got down to business immediately after its "hello." "Industrial insurance" is "simply life and endowment insurance sold in small amounts" to suit the taste and pockets of those who can only make weekly payments of their premiums. Thus it brings its benefits to the family, and becomes "family insurance" for those who most need its protection, and comes within the means of payment of the least prosperous class of working-men. Pass the little beauty along, after first reading, and thus "do unto others as you would have others do unto you"—a maxim of love and charity illustrative of the Metropolitan Life Insurance Company.

***

THE *Insurance Herald* says:

"This year's meeting of the National Life Association has actually raised the dead. 'Disgusted Delegate,' a person who was very much alive in the BALTIMORE UNDERWRITER three years ago, but who was very much killed because he ventured to express some opinions lacking in euphemism, has lifted his head above the coffin-lid to answer roll-call, against all the best authorities on mortuary permanency. He still thinks the National Association ought to do business. It is too late; its original *raison d'etre* was anti-rebate. That having been displaced by the compact, it is proper and natural now to replace it with anti-debate."

"Disgusted Delegate" is not dead by a large majority, a more lively corpse cannot be found, though there may be those who wish he was dead, or at least would keep his mouth shut. That he won't do either, but will continue to talk out, in the papers, and demand to know who are the men who left the National Association for its good. The *Standard* won't talk, but others will, at the next annual meeting of the National Association.

***

THE revocation of the license of the Northern Assurance Company of London to do business in Michigan is said to arise from the management "writing risks over the heads of local agents in violation of the State's Resident Agents' Law." But Manager G. H. Lermit says:

"The revocation of our Michigan license is a great surprise to me. We have not a single risk in Michigan not properly signed by a duly commissioned agent. The trouble grows out of our writing a few risks countersigned by Mr. England, our special agent in Detroit, who holds authority from the Insurance Department. Probably not a dozen risks altogether are affected. A year or more ago Commissioner Campbell asked for information in regard to the matter, and at that time I fully satisfied him. He was in this city just previous to the commissioners' convention in Milwaukee and sought further information. I gave him every detail and told him that while I could not see that we were in any way violating the laws of the State if he objected we would discontinue the practice—if writing those few risks can be called a practice—at once. His answer is the revocating of our license, of which, however, I have not yet been officially notified."

THE large, fine American clipper-ship Great Admiral has arrived at New York from Manila, via Hongkong. The Great Admiral belongs to Mr. Kimball C. Atwood, of the Preferred Accident Insurance Company, and is one of the famous fast clippers, having made many speedy trips to the Pacific coast, notably one to Tacoma from New York in 106 days. Her best day's run on that trip was 305 knots.

Prior to the breaking out of hostilities with Spain, Capt. Sterling says his ship was lying in the harbor of Manila, and every effort was made to stow away the cargo in order to sail for home. Eighty-six hundred and thirty bales of hemp had been stowed away when orders came for the ship to sail as the war had broken out. Twenty-four hours' notice was given, although at first the authorities tried to hold the ship. The Great Admiral got to sea on April 24, but was overtaken the next day by the Spanish auxiliary gunboat Manila, which steamed about the ship. Capt. Sterling had a letter, however, from the Spanish Port Admiral permitting him to proceed, and the gunboat could not molest him within twenty-four hours.

"I hoisted Old Glory," said the captain, "and gave him the slip during the night and made Hongkong, where I remained until it was evident that I could sail for home in safety."

***

AN interesting controversy, and one of some importance to the Travelers' Insurance Company, has arisen in settling the death claim of a Mr. Van Bokkelen, who was insured in that company for $10,000 and was killed by being thrown from the platform of a railway coach while passing through a train. The company promptly paid the amount called for by the policy, $10,000. But the policy contained a clause which provided that:

"If such injuries are sustained while riding as a passenger in any passenger conveyance using steam, cable, or electricity as a motive power, the amount to be paid shall be double the sum specified in the clause under which the claim is made."

The company contends that this provision applies only to a passenger within a car, and not to one temporarily outside and in a position of much greater danger, while the plaintiff, the administratrix of Mr. Van Bokkelen, insists that it embraces the case of an insured person anywhere on the train. The defence here presents a substantial question, which the insurance company is justified in raising no matter how it may be determined.

Looked at from any standpoint the case presents distinctions which make the controversy a very interesting one. How a passenger is to get into a car without going upon the platform, or how he is less "*in* the conveyance" while on the platform than in the car, presents difficulties which suggest a modification of that clause.

***

INSURANCE companies will be interested to know that the right of a State to tax the capital of foreign corporations as a *condition* to do business in the State has been sustained by the Supreme Court of the United States on appeal from New York:

The case was instituted against James A. Roberts, Comptroller of the State of New York, to test the law and to vacate an assessment made on the capital of a large Western drug house having a branch in New York City. The lower court sustained the validity of the law and the Supreme Court now affirms this decision. Judge Shiras in announcing the court's opinion said the law was settled that a State may impose such conditions for permitting a foreign corporation to do business within its limits as it may judge expedient and that it may make the grant dependent upon the payment of a specified license tax or a sum proportioned to the amount of its capital used within the State. This was not, the court held, a discrimination against the products of outside States.

Justice Harlan announced the dissent of himself and Justice Brown. He said the former decisions of this court had been uniform against State laws which favored domestic firms, corporations, or persons as against those from other States. If each State set up a system of special taxes on these outside bodies then it would in the aggregate amount to a sort of protective tariff system, overcoming the freedom of trade between the States.

The court also handed down a decision of further interest to insurance corporations:

The case of the Knights Templars and Masons' Life Indemnity Company against C. E. Converse involved to some extent that clause in many insurance policies as to the freedom of travel by the party insured. Payment on an insurance policy was resisted on the ground that death had resulted while the insured was traveling outside the limits allowed by the policy. The Court of Appeals of the Seventh Circuit decided in favor of the beneficiary under the policy and the company applied to the Supreme Court for a writ of *certiorari*. The decision yesterday denied the application for the writ.

In the anti-trust or joint traffic case, decided last Monday, the daily press reported that the Supreme Court had "reached the conclusion that as R. R. corporations performed duties of a semi-public character it was within the constitutional power of Congress to regulate them as provided in the anti-trust act. The only question then was as to the policy of Congress in adopting such a measure, and as to questions of policy the court had nothing to do."

If that is a correct view of the opinion of the Court, it ought to end all doubt as to the power of Congress to regulate insurance corporations, for they, as much as railroads, are of a "semi-public character."

Justice Peckham announced the decision. "He said that the court could distinguish no difference between this case and that of the trans-Missouri case decided a year ago, which was decided against the railroads. He said the only new point involved was as to the constitutionality of the anti-trust act. The court had reached the conclusion that as railroad corporations performed duties of a semi-public character, it was within the constitutional power of Congress to regulate them as provided by the anti-trust act. The only question then was as to the policy of Congress in adopting such a measure, and as to questions of policy the court, he said, had nothing to do."

The opinion, which was very brief, was concurred in by Chief Justice Fuller and Justices Harlan, Brewer, Brown, and Peckham. Three justices dissented, namely, Justices Gray, Shiras, and White. Justice McKenna took no part in the case, as the prosecution of the Joint Traffic Association was begun while he was attorney-general. After Justice Peckham had announced the opinion Justice Harlan verbally expressed with some evidence of satisfaction his concurrence, on the same ground, he said, as that set forth in the trans-Missouri case.

Under the decision, the decisions of the United States Circuit Court for the Southern District of New York and of the United States Court of Appeals, both of which were favorable to the Joint Traffic Association, are reversed.

***

Notwithstanding Tennyson sung "better fifty years of Europe than a cycle of Cathay," *The Review* (London) says:

"Probably the leading insurance manager in the Far East is Mr. J. T. Hamilton, of Shanghai, who represents the Equitable Life Assurance Society of the United States of America. Mr. Hamilton's enterprise and ability have been justly celebrated in numerous newspapers. It appears that this gentleman really 'struck oil' in convincing a large number of well-educated and wealthy Chinese that endowment policies pay better than hoarding up money and burying it in the back garden. They prevent mandarins descending upon the unhappy Chinaman, whom they suspect of having too much of the world's wealth, and 'squeezing' him.

"Some thousands of policies have, we understand, been issued to Chinese citizens, if there are such persons—or it were better perhaps to say, subjects of the 'Dragon Throne.' It is pointed out, and with all justice, that whilst the British companies are always ahead in pushing fire insurance business, it is the Americans who always take the lead in life insurance. It may be that the American is more hopeful of the future, and has a great belief in a posterity, whereas the more cool-headed Briton likes to build solid and sure as he goes, and not put his foot out further than he can take it back again. And in fire insurance, where the risks mature practically within twelve months, the least error brings its own punishment. English fire offices, therefore, everywhere seem to show national characteristics and aggressiveness, whilst the Equitable of the United States has certainly taken time by the forelock in China, and has established itself with much success.

"It will be curious to note how the coming troubles in China will affect the business of life insurance. We should say, however, that although it is a by-word that one dead Chinaman is exactly like another, we may take it that the astute representatives of the Equitable have taken the necessary precautions to be able to identify any dead bodies of the Equitable brand.

"At the moment when Russian, British, and American warships are hurrying up to the Taku Ports (where Commodore Tatnall, on a well-remembered and historic occasion, observed that 'blood was thicker than water'), it is of interest to note that the Anglo-Saxon race is again ahead in commercial as well as military activity—an omen of happy augury for the future. This although there may be a necessity for certain reserve clauses in future policies, such as we have in England. For instance, death by the hands of 'justice' as it is understood in China. A dueling clause is not necessary—the Chinese are not so silly. Suicide is only undertaken as a religious duty and on very rare occasions, whilst the exposing of one's self to danger is something so wildly apart from the ordinary Chinaman's method of living that it is unnecessary to refer to it."

Local Matters.

Insurance Commissioner Dearth of Minnesota, the recently elected president of the National Convention of Insurance Commissioners, has announced his committees for the ensuing year, and Insurance Commissioner Kurtz of Maryland has been appointed member on laws and regulations with Messrs. Carr of Maine, Finch of Indiana, Appleton of New York, and Van Cleave of Illinois.

The resident managers and agents representing the Conference Liability Companies held a meeting on 21st ultimo for the purpose of organizing a local board of the liability business. After a discussion of the details and benefits of such a body, the board organized by the election of Mr. James H. Duvall, Jr., of the Fidelity and Casualty of New York as president, with A. M. Hopper of the London Guarantee and Accident of England as secretary, and the executive committee of W. T. Shackelford of the United States Casualty of New York, C. G. Goodwin of the Union Casualty of St. Louis, and F. F. Peard of the Travelers of Connecticut.

Among the recent visitors to Baltimore and to this office during the past week was Mr. J. N. Lane, general manager in Manchester of the Palatine Insurance Company, Limited, accompanied by his son, Mr. Ernest Lane, special agent for South America, and the manager in New York, Mr. Wm. Wood. The purpose of the visit was to look over the business of the Merchants and Manufacturers' of this city which they recently reinsured, and to meet their local agents, Messrs. Lane and Wood, and expressed their satisfaction with their new business and the condition of matters in Baltimore. After attending to their duties the gentlemen were given a taste of Baltimore hospitality by a luncheon at the Baltimore County Club. Mr. J. N. Lane is one of those agreeable acquaintances that it is a pleasure to meet, full of information and a happy manner of making himself an interesting guest. May he come again often.

Writing of "the Lion and the Lamb," or "the Palatine and the Merchants and Manufacturers' Fire of Baltimore," *The Vindicator* indulges in mysterious insinuations as follows:

"There is a moral, moreover—there are other lambs than that one in Baltimore. We think we know of some that will not pay for the trouble of the spring washing—(the January statement.)—There are lions and there are lambs, and the duty of *The Vindicator* is to keep watch of the fold, believing, as it has reason to do, that it knows them both."

If there is one thing more than another which is expected of an insurance journal it is the courage to speak out in plain words. When any reason exists which renders plain language imprudent, then silence is better than insinuation. If you "know of some" companies in Baltimore of which it is your "duty" to "keep watch," we defy you to make public their names. The straightforward manly course is expected of an insurance paper, and to that we call *The Vindicator*.

Mr. Gilbert R. Walter, general agent in Baltimore of the Ordinary Department of the Prudential Insurance Company of America, gives his views on canvassing in *The Prudential Weekly Record*, which are so interesting and suggestive that they will be of benefit to others in the life insurance work. He says:

"Every case practically demands a different method of treatment. The essential qualification of a successful solicitor is the ability to impress upon the prospective applicant the merit of the article of insurance he has to offer, and to do this he must have the fullest confidence in the company he represents. He must study and learn clearly the various forms of policies his company writes, and in canvassing for business seek a class of insurable persons who are able to keep their insurance in force.

"Never urge upon an applicant any application for any larger amount of insurance than you think he is able to continue and advise him conscientiously as to the most desirable form of insurance at his time of life. Seek and obtain names of persons from each and every applicant you secure as it will be an introduction to others, enabling you thereby by reference to secure other business.

"A successful insurance solicitor must possess grit, energy, perseverance and tact, and when he calls upon anyone his tact must suggest the opportune time to close the application. He should keep a record of his visits and appointments and follow them up persistently, but not to such an extent as would make him obnoxious and destroy the good fruits sown in his previous interviews.

"Never show or manifest any embarrassment in approaching anyone, be he banker, merchant or professional. When you find he is busily engaged do not interrupt him, but make it your duty to call at a time when a satisfactory interview *can be had*. Do not permit yourself to become discouraged or disheartened if you would be known as a winner, but keep up your spirits with the fixed determi-

nation that as business is written up daily you must and can get your share.

"Above all things avoid misrepresentations of other companies so often indulged in by unscrupulous agents in promising results that are never obtainable. Misrepresentation of other companies is as despicable as misrepresentations of your own. In all transactions maintain that integrity that inspires confidence and redounds alike to the credit of company and its representative. These rules if adhered to will invariably bring gratifying results and corresponding success."

BALTIMORE, Maryland, *October* 15, 1898.

Members are hereby notified that the insurance on the property of the Baltimore Consolidated Railway Company is being placed by a Baltimore broker for a Philadelphia broker in violation of Rule five (5), and are warned not to write same, and furthermore that the rate of 85 cents on cars can only be accepted when the whole Schedule is written as per Rate Slips Nos. 3217 to 3223, inclusive.

By Order Board of Control.

CHARLES E. WILLET, *Secretary*.

The issuance of the above circular to the members of the Association of Fire Underwriters of Baltimore recalls the fact that about one year ago an effort was made to place the insurance on the property of the Baltimore Consolidated Railway Company, to meet a bid from another city, but the powers that be would not consent to its being written at a rate then agreed upon by the brokers and the railway company so that the insurance could be kept at home. The result was that the insurance then was placed by a prominent broker of Philadelphia in the Fire Association of that city. It seems now that the Fire Association has cancelled the risk, and it is rumored that it is again offered on the street, but it is supposed to come from New York. Several of the brokers have been called before the Board of Control and all have denied having had anything to do with it. It would certainly have been more complete *had the usual inquiry slip been issued addressed to every member of the Association*, viz. "Have you been recently offered, or accepted, a risk on the property of the Baltimore Consolidated Railway Company, and at what rate?"

It is not our purpose to criticise what the Board of Control may or may not do, but of recent years a number of risks have sought insurance from some reason or another in other cities, and in some cases in companies represented in this city. Would it not be for the best interest of all parties concerned for the Baltimore Association to meet the situation as it occurs when necessary by meeting outside competition when it arises, so that the insurance can be kept at home. There is no law compelling a man to obtain his insurance in Baltimore, he has the right to place it wherever it is to his best interest. There are enough companies doing business in Baltimore to cover all of the risks offered, with a few exceptions. A number of large and good risks have sought insurance in the Mill Mutuals, and the assured claim with as good a security and at a less cost. We believe there are companies, complying now with the laws of Maryland, who will write insurance at their home offices, and only of a recent date a prominent mercantile house had a letter from a prominent broker of another city *offering to place his insurance at a less than Board Rate in companies doing business and having agents in Baltimore*. There is a satisfactory procedure to meet a "cut-rate." If the Board of Control in their discretion declines, and companies represented in the Baltimore Association, at their *Home offices*, issue policies at less than Baltimore rates, then the Board of Control can order the policies of the offending companies shall not be accepted by the members of the Baltimore Association, or recommended to their patrons. In accord with this proposed action is the recent circular with an agreement addressed to every company represented in Baltimore, against the dishonorable and unfair competition and sacrifice of their faithful agents. Does a company writing a risk in Maryland, and receiving the premium at its home office, pay its share for the support of the Association of Fire Underwriters and the Salvage Corps? No, certainly not. Who are the sufferers by the business going to other cities? The agents and brokers and the local companies. The sooner the matter is arranged and put in a shape that insurance on property in Baltimore is placed in this city, the better it will be for all concerned.

The following letter was sent to all of the companies doing business in this city asking their co-operation in stopping this overhead writing:

"This association was organized in 1883, and is, in point of continuous existence, the oldest Tariff Association in the United States. Since 1886 its ratings have been made chiefly under schedule, and while they have been subject to severe criticism on part of the companies on the ground of inadequacy we have never had a complaint that they were excessive. Within the past few months outside brokers, chiefly of Philadelphia and New York, have made a practice of soliciting business of our customers at rates less than tariff, and have placed the lines so controlled with companies represented in this city by members of this association, who are prohibited from competing with their principals at cut rates. Some of the companies most active in demanding increase of rates have been foremost in cutting them at their home offices.

"It is alleged that our rules and rates are likewise violated by payment directly from home offices of rebates to the assured and excessive commissions to brokers on business written by their agents here. The situation is thus absolutely within the control of the companies. If they desire the maintenance of the rules and rates of this association, it is absolutely necessary that they should abstain from writing all business situated within the protection of this association except through agents resident here.

"No Baltimore business is controlled by outside brokers except by virtue of cut in the rates or division of commissions, and the acceptance of such offerings 'over the counter,' even at tariff rates, promotes unfair competition with our members. If the companies prefer to sacrifice their agents and the premiums obtained through them to the chance of securing them through outside brokers, usually at cut rates, it will be impossible for our members to be bound by rates and rules which simply insure the loss to them of their business, and this association must, in justice to them, cease to exist. We recognize as the sole exception to the proposition here made the business of steam railway companies where written in schedules. While we fully appreciate the fact that some of our companies have always refused to write over their agents we ask that they, as well as others, will sign the enclosed agreement, to the end that we may have the weight of their influence and they secure the advantage accruing from good-will of our members and brokers."

CORRESPONDENCE.

DISGUSTED DELEGATE AGAIN TO THE FRONT.

TO THE EDITOR OF THE BALTIMORE UNDERWRITER:

Just one more trespass. The tide has turned. At last one of my critics has the decency and fairness to write concerning my communications. He says he approves my "contention" if he understands it. He does, and, I may add, always did. It is Matthew Marvel to whom I refer. What I marvel at, however, is why he could not have said so at first instead of attacking me. Matthew, however, still does me a slight injustice, and takes to himself an unearned glory.

He says that in my applying to him some pet names I used the language of a Billingsgate fish-woman, which is not argument. I never met a female of that description and hence I am not, as he evidently is, familiar with her language. I will agree that pet names do not constitute argument. I thought so when he previously answered my "contention" by calling me a gorilla. He then thought that a masterly argument. Now, however, we both agree upon that point. His unearned glory is he thinks that in a previous encounter he knocked me out. I never left the ring nor threw up the sponge. Assigning me to the higher simian race as a reply to my "contention" was, however, the solar plexus blow which deprived my body momentarily of its breath. But a knockout blow—well hardly. However that is all over. I reckon we will both refrain from dubious compliments to each other hereafter, and I accept the hand which he so generously extends through "the fog" to a fallen but not vanquished foe.

Matthew is to-day the solitary one of my critics to stand up and be decent. The only one who has discussed what I have written except by attacking me. Matthew, however, offers still a slight arraignment. He says I am not "in the open" because the name subscribed to my communications does not agree with my name upon the voting list. Well, if my baptismal name does not appear in the BALTIMORE UNDERWRITER, neither does his at the end of his articles. The average reader has as clear an idea of my identity as of his.

When he appears before the public over his proper name will be soon enough for him to call for mine. But what, Mr. Editor, has my legal name to do with my "contention"? Let my critics apply their gigantic intellects to that. Let them show wherein I am wrong if they can. When they have done so, if any or all of them wish a controversy in the open and upon personal lines I will be found ready. Matthew, however, will not be there. He and I stand now on the same platform. I reckon we will remain there and friends.

But, Mr. Editor, further discussion along the lines of my previous communications is superfluous. The question whether the National Association shall be wholly a social or a combined social and business organization has received a final answer. All discussion as to whether that Association has been conducted with enlightened wisdom and has exerted its influence for the elevation of field practices and the promotion of life insurance interests—the osten-

sible objects of its existence—is silenced forever. The *Philadelphia Intelligencer* has rolled all former criticisms of my communications into one, has replied to my every statement and query, has squelched *Insurance Post*, the *Argus* and the *Insurance Herald*, has bowled over "Delegate" in the *Insurance Monitor* and has vindicated all that has been done as well as all that has not been done in the name of the National Association, by the irrefutable and forceful argument that its editor believes me to be kin to a certain wife whose name and habitation he does not disclose. Ye gods! The gorilla argument is laid in the shade. As the learned editor did not name the lady I presume she does not enjoy the honor of his acquaintance and remains a respectable woman. If there are any stupid persons among the readers of insurance journals who are unable to see how repeated attempted personal abuse of me answers my "contention," answers the publications I have named and proves that the National Association has been conducted upon the best lines and its conventions and events connected therewith to be beyond and above well intended criticism, they should ask that distinguished editor to loan them for a short half hour a figment of his enlarged and superabundant gray matter and something of his wonderful perception. They then could possibly appreciate what is not just now visible to people of common sense, the point and force of his logical and exhaustive argument—exhaustive to him for it was doubtless the best he could make. As for me this brass tipped Mauser shell from "the picket-line" was harmless. It was aimed too low. My endangered head was not even harmed. That editor shoots too much like a Spaniard, and evidently shuts his eyes when he fires. He might practice from his rifle-pit on the "picket-line"—not I beg of him from the dangerous and exposed "firing-line"—shooting follies as they fly—vide his columns for flocks of them—and thus by frequent practice secure a better aim when next he shoots at

DISGUSTED DELEGATE.

LETTER FROM NEW YORK.

THE NEW COMPACT.

President George P. Sheldon of the Phenix, of Brooklyn, has announced the following gentlemen as a committee of fifteen to form rules and regulations for the guidance of the new tariff compact: Geo. W. Bable, Northern of London; T. Y. Brown, Milwaukee Mechanics and others; Marshall S. Driggs, Williamsburg City; Henry W. Eaton, Liverpool and London and Globe; I. Montgomery Hare, Norwich Union; Wm. N. Kremer, German-American of New York; Benoni Lockwood, Insurance Company of North America; J. R. McCay, Phenix of Hartford, etc; Charles Sewell, Commercial Union; M. A. Stone, Greenwich Insurance Company; W. W. Underhill, United States Fire; Jno. H. Washburn, Home Insurance Company; Samuel R. Weed, of Weed & Kennedy; Jno. M. Whiton, German of Freeport, etc.; George S. Young, Hartford, of Hartford.

We learn that Mr. Stone of the Greenwich declines to serve on this committee.

The first meeting of this committee was held on the 26th inst., when William N. Kremer, President of the German-American of New York, was chosen chairman, and W. W. Underhill, secretary. After a short discussion the meeting was adjourned to the next day. Nothing can be learned definitely as to the business done.

This committee is perhaps as strong as any Mr. Sheldon could have chosen. The absence of several names that have figured for years in the mismanagement of New York tariffs is very welcome, but even these gentlemen seem to have a greater task before them than can be accomplished.

The officers of at least one of the companies represented have been at no pains to conceal their opinion that the time is not yet ripe for the operation of a new tariff. It is thought the present chaotic situation will in time straighten itself out so far as to indicate the lines on which a new compact should be based. The high rates of the last tariff will not prevail again. Agents might as well accept the situation and not work on in anticipation of the "good old times"; they will never come back. Low rates, small profits, and reduced commissions will have to be faced under the new tariff. It is thought that if left alone the situation will itself in time determine these points; so that the committee is by no means a unit as to the present necessity of a new compact.

Then, too, it is freely said that the harm is already done, the bulk of the business is already written for a term. It will be carried without change to the end of the term. The new compact would affect so small a part of the business that it might as well not be put in force for say a year or two. By that time the doctrine of the "survival of the fittest" will have had time to show who shall control the business and how it shall be done. Then again it is noted that the Continental and Westchester with several other companies make no move in support of efforts of the other companies.

If the drift of what one hears here is an indication of true intention then certainly there will be no new compact with these companies on the outside. It is difficult to say what may be the final outcome, but certainly the feeling reported in my last letter of hope and expectation of good seems to have died out, and doubt is freely expressed as to success.

It is amusing to us in New York to hear the comments on the situation by Chicago managers and agents. We certainly have made a terrible muddle of things this time, but we at least have peace occasionally between the eruptions—in Chicago there is no peace; there seems to be constant worry, trouble and change, and it strikes us as slightly ridiculous that Chicago men, not interested directly here, and with so much to do at home, should pose as directors and monitors generally in New York matters.

The next meeting of the committee will be held on Tuesday the 1st inst.

THE SUBURBAN COMPACT.

At the next meeting of the members of this compact it will be proposed that Wm. N. Kremer, of the German-American of New York, be elected president; A. H. Wray (Commercial Union) secretary and treasurer; and J. W. Barley, A. M. Burtis, J. H. Burger, George M. Coit, J. J. Henry, George W. Hoyt, Benoni Lockwood, J. A. McDonald, E. O. Weeks and George S. Young the executive committee.

An amendment that E. G. Snow, Jr., be made secretary, leaving the treasurership only with Mr. Wray, will probably be carried.

The idea of having the same president for the Metropolitan and the Suburban Associations is a good one as it will probably lessen friction between the two.

INSURANCE GOSSIP.

The Orient of Hartford reinsures the Schuylkill of Philadelphia.

The plate-glass insurance companies at a meeting here on the 25th tried to make some amicable arrangement as to rates, but were unsuccessful. There seems no hope of agreement.

There is a very general feeling that too much reinsurance is placed "on the other side." Mr. Fuller of the Boston Marine spoke on this subject at a meeting held this week at the American Institute of Marine. Underwriters and a committee were appointed to devise some plan for better division of reinsurance among home companies.

Franz Hermann becomes United States Manager of the Mannheim Insurance Company and James Johnstone Riley takes the Canadian management.

We note that George H. Gossman, of the firm of Benedict & Benedict, becomes assistant manager of the Berkshire Life for New York and New Jersey.

It always seems a peculiar proceeding on the part of agents of some particular field to fight for reduction in rates against the wishes of the companies represented by their special agents. The agents of the Oranges, N. J., are fighting for lower rates on dwellings against the expressed decisions of the Newark Board of Underwriters.

William Neuacker of Cleveland, of sprinkler fame, is in town looking after matters relating to the Western business of the Fire Extinguisher Company.

On the 3d of November the new Underwriters' Club, of 73 William street, will be informally opened, and a formal opening and luncheon will take place on the 15th. It looks very much as if this club has come to stay.

The Eastern and Northern of New York (Burke & Brown) hitherto out of all associations have signified their intention of joining the New York Compact and the Suburban Tariff Association.

The Federal Court at Topeka, Kansas, has issued a temporary injunction restraining Insurance Superintendent McNall from revoking the license of the Phenix of Brooklyn. Men like McNall occasionally crawl into an office where they can be a source of annoyance. They only need to be properly faced to be rendered harmless.

Isaac Selegman, Ernest Thalmann and John A. McCall are the United States Trustees of the Munich Reinsurance Company which has its offices in the New York Life building.

At the last moment I hear it is current gossip that although it was decided that the proceedings of the meeting of the committee of

fifteen of the new compact should not be divulged, it is known that several of the members were very reluctant to serve, and freely expressed themselves as of opinion that they were "wasting time" by attendance at the meeting. This is probably not true, but if it is such men are better off the committee to show themselves of such small calibre that their efforts to prevent the formation of a tariff would be futile. A.

LETTER FROM ATLANTA.

The Georgia Legislature met at the State Capital on Wednesday and elected Hon. William A. Dodson as president of the Senate and Hon. John Little as speaker of the House. Mr. Dodson was a prominent figure in the last House, at which time he was the author of several insurance bills most of which were not very good ones from a company standpoint. Now that the House has met, the old story of a bill to abolish the Tariff Association has come up again. As stated in these columns several times before, it is an almost certainty that such a bill will be introduced and championed by one of the strongest members of the Assembly. This bill will not be on the line of any previous ones intended to kill the Association but which did not do its work. The present one is said to cover all the ground and one similar to that introduced in the Virginia Legislature. The bill will make it a written requirement that any company applying to the State for a license to do business, it shall be the duty of the insurance commissioner, before allowing such license, to investigate and see if any such companies applying are members of a compact or association to adjust rates, and if so, such license as applied for shall be refused. All bills heretofore enacted by the Georgia Legislature were not to the point like this, but made it more of a personal matter directly with the insured and the company. This places the matter in the hands of the comptroller. While the writer is something of an advocate of the Association, and believing that rates when properly adjusted by the Association (which in many cases has not been done) is to the advantage of all, likewise believing that it would be a bad thing to throw open the rates entirely, thereby in many instances producing rate wars, but with all this, he cannot be blind to the trend of public feeling and approaching legislation, and surely believes that a crisis is coming; that rates in the Southern States must be reduced, and that the money that is being made by the companies doing business is too great in this field to keep out this feeling and desire to kill the Association or anything else that holds the rates together which are so high. That the bill in question will be ably championed, and also ably fought, is without question, but a mighty fight is going to be made to pass the bill, and the Association should be ready and on the alert to push her claims properly.

General Agent Sherrill of the Manhattan and Germania at Atlanta is reported to have done one of the largest local business of any company in recent years during the little shake up amongst the local fire agents in Atlanta. Mr. Sherrill is not a man to sleep while the fight is going on. His record for the past thirty days is good evidence to show this.

At last the land looks serene at the hustling little city of Gainesville, Ga., which for the past several days looked as if a rate war was looming up in grand style in that town. Special Agent Tanner of the S. E. T. A. has been up there and the differences existing at that place have been about amicably settled.

Speaking of rate wars, it would look as if the city of Columbus, Ga., was being somewhat stirred up over the actions of the Germania's agent, who is writing policies in that city, and allowing a dividend off the amount of premium. The agent, who is Mr. William Redd, Jr., says his company operates somewhat on the line of the Southern Mutual of Athens, Ga., the only difference being that the Southern Mutual gives its dividends at the end of the year, and the Germania gives theirs at the beginning. There was a meeting held in the office of Stamping Clerk Griffin of the Tariff Association a few days ago, called to consider the local rate situation at Columbus. The Association had representatives on the scene and discussed the advisability of restoring old rates in Columbus, though nothing definite was done on this line. A peculiar and significant fact is that nearly every city in Georgia is having a little rate war experience, showing the trend of public feeling over the high rates that are charged all over this State. Such a state of affairs is likely to exist for sometime unless a general reduction is had very soon.

Mr. Otis A. Murphy, who was special agent of the Hamburg-Bremen for a long time, and later acted as Southern special for the London Assurance, has been special agent for Weed & Kennedy's Companies in Georgia, Alabama, Florida and South Carolina. Mr. Murphy is closely identified with the fire insurance business in this section, and in addition to his special work has a splendid local agency at Barnesville, Ga., his home.

An insurance agent named Emil C. Crisman, claiming to live in New Orleans, was arrested in Cincinnati during the past week on account of having skipped a $50 board bill at Jackson, Miss., and cashing a worthless draft for $100 at the Merchants' Bank of Jackson, on a New Orleans Bank. Warrants have been sworn out against him, and he is now in jail at the latter place.

The Farmers' Mutual Insurance Association of Chester County, S. C., have threatened their policyholders with suit if they do not pay up their dues by a certain time. How an enlightened public can stand the bare-faced swindles of these little Mutuals is beyond the imaginations of mankind, and yet this very company has several policyholders in Chester County. S. C., who wouldn't have insurance in any other company.

The Union Central Life Insurance has paid the claim of Rev. John Glass's estate for $5000 on account of a policy held in that company by Rev. Glass at the time of his death, which occurred some few weeks ago. Rev. Glass was a prominent minister of Atlanta, Ga., being the pastor of St. Luke's Christ Church, one of the largest churches in Atlanta.

The insurance commissioner of Tennessee has published a statement to the effect that the National Legion, an association purporting to do a Mutual insurance business has no authority to transact business in the State of Tennessee, and so warns the public.

A new life insurance company organized by the citizens of Newbern, N. C., has been incorporated in North Carolina, its name being the Immediate Benefit Society of Newbern, N. C. Incorporation papers were taken out during the past week at Raleigh, N. C.

The city council of Columbus, Ga., have advertised for bids for insurance on the school buildings in that city.

At a meeting of the Board of Directors of the Southern Mutual of Athens, Ga., during the past week, Judge Alex S. Erwin was elected a director to succeed Col. L. H. Charbonnier who resigned, having moved away. Judge Erwin is one of the most prominent men in Athens.

The Local Exchange of Columbus, Ga., at a meeting held during the past week, passed a law making any agent who issues a policy for less than regular rates, pay a fine in accordance with the premium under such policy. If a small premium, a fine of $25; if a large premium, the fine to be $50. The Exchange will not pay for the sweeping out of its offices from the fines it will receive from the agents which compose its membership. It is not, as a rule, these fellows that cut the rates. It is those agents who do not belong to the Exchange. The proper thing is to get a law that will reach these fellows. Don't fine your fellow Exchange-mate. It's hard enough now for him to make a living.

At a meeting of the Nashville Board of Underwriters, held a few days ago, for the purpose of electing officers, the same old ones were re-elected without opposition. They were as follows: President, Capt. W. H. Mitchell; Vice-President, W. D. Gale; Secretary, P. R. Cheatham; Assistant Secretary, J. R. Onstoot; Inspector, J. W. Hart. X. Y. Z.

REPORT comes of a new "American Life and Accident Insurance Company" being under way in Cincinnati, Ohio, "engineered" by Mead Bros., of the Security Life and Trust. "There will be no capital, but a deposit of bonds with the State of Ohio, where the reserve on life policies is also to go."

As there are over 75,000,000 people in the United States and 10,000,000 more about to be attached in different ways, but all accessible to agents and solicitors, and mostly uninsured, there is certainly room enough for not only one more, but many more companies. And now that "competition" has been judicially determined by the Supreme Court to be the constitutional right of the people, and that every contract which circumscribes that competition is illegal, we hail the new Ohio life company as one more recruit in that competition.

THE *Chicago Independent*, it is reported, has been purchased by Mr. N. H. Weed, of the *Western Insurance Review*, who will become its editor in the place of G. L. McKean, who retires on account of failing health, to Springfield, Mo. To both—the outgoing and the incoming—we wish health to the one and success to the other.

OUR FOREIGN EXCHANGES.

THE *Review* (London) publishes in its issue of Oct. 5th an article from the BALTIMORE UNDERWRITER of Dec. 20. We knew our good things keep very well, but without a cold-storage room we hardly expected our "Non-insurable interest in a Wife" to be sweet and savory nine months after.

***

THE go-as-you-please system of life insurance in England is set forth by the *Insurance Record* (London) as follows: "Our life Assurance Magna Charta—the Act of 1870—does not require life assurance companies to conform to any one standard of valuation. In pursuance of the sound policy of securing 'freedom and publicity' it leaves the companies free to adopt such bases of valuation as they think proper, and merely requires them to state clearly in their periodical returns to the Board of Trade, for the information of the public, what bases they have employed. That this system has worked very satisfactorily is proved by the history of life assurance business in the United Kingdom since 1870. A sense of responsibility and the pressure of healthy competition have led the great majority of companies to voluntarily adopt much more stringent methods of valuation than would be likely to have been imposed by the Legislature, while the fact of their being practically free from State control has enabled them to attain their present position, in the matter of reserves, by judicious stages and to revise their methods of valuation from time to time in accordance with the best actuarial opinion. The influence of the last-mentioned factor has been, as it should be, most marked. The most striking instance of its operation is to be found, perhaps, in the fact that the Institute Mortality Tables are now almost invariably employed in life office valuations in the United Kingdom. In regard to the valuation rate of interest, and the proportion of the premium income reserved for future expenses and profits, the practice of the various companies still varies a good deal, although even in these particulars a 3 per cent net premium valuation has come to be regarded as a standard to be reached or passed, except in those few cases where some special method of distribution justifies a less stringent mode of valuation, but in regard to 'the table or tables of mortality used in the valuation' (to quote the words of the schedule to the Act of 1870) there is almost absolute uniformity of practice. The substitution of the Institute Tables for the tables which were in general use in 1870 has entailed in almost every case a substantial addition to reserves, yet this has not deterred life offices from voluntarily making the change as experience has shown it to be the right thing to do."

***

RECOGNIZING the wisdom of the maxim that "an ounce of prevention is better than a pound of cure," there has been organized and incorporated in London the "British Fire Prevention Committee." Of which *The Insurance Post* says:

"During the past week the Committee have notified the public, through the press, of a new departure in their scheme of operations, which is at once full of interest and importance. Everyone honestly interested in fire prevention and its twin subject of fire extinction will heartily welcome the resolve of this Society to establish a series of tests of fire-resisting materials and systems, and we feel confident that the Fire Insurance offices of the Kingdom will be among the first to extend to the proposal their countenance and moral support. Already the London daily press have very generally lent their aid in making the announcement known. The remarks of the *Standard* on the proposed practical displays are so much to the point that we have pleasure in reproducing and endorsing them. Our contemporary explains that 'a suitable station for this purpose has been established near Regent's Park, and the necessary arrangements appear to be fairly in hand.' The value of the undertaking consists in its thoroughly independent character, and in the practical and scientific qualifications of the persons connected with it. The Council of the Association includes the Earl of Stradbroke, Sir Norman Lockyer, and representatives of some of the Government Departments, together with engineers and surveyors from several of the chief municipalities, and the engineer and the architect of the London County Council. The adhesion of Sir Henry Irving illustrates the importance of the movement to the security of theatres, the combustibility of which is strikingly proved by the list of more than a thousand such fires in the last hundred years.

"The leading idea of the Committee is that, in the matter of fires, prevention is better than extinction, and its object is to check the fire at its very commencement by giving it less to feed upon. One valuable method consists in the installation in large buildings of an apparatus which shall give instant notification of a rise in temperature occasioned by the smouldering that precedes the outbreak of flame. But the Committee is more immediately concerned with the disappointing absence of fire-resistance in buildings supposed to be 'fire-proof.' Steel and stone are expected to give security against a conflagration, but there is always some amount of woodwork in a place of business which, coupled with the nature of the enclosed merchandise of goods, is often enough to kindle a fire of alarming dimensions, in which stone will either crack or calcine, and steel or iron will come down with a crash, pulling everything with it. The subject is also one which engages the attention of the Admiralty, recent naval engagements having shown that steel-built ships are liable to destruction by the flames which arise from fittings composed of ordinary wood. Materials alleged to be capable of resisting fire have been brought forward from time to time, but trials conducted by inventors cannot command the same confidence as tests applied by investigators who are absolutely disinterested. It is somewhat remarkable that systematic research into the subject of fire resistance has not yet been undertaken anywhere in Europe, and has only just been commenced in the United States. The testing station now about to be opened in London will, therefore, be a pioneer establishment. There are plenty of incombustible materials at hand, but what is needed is some satisfactory process by which substances naturally combustible shall be rendered so far proof against fire as not to become immediately accessory to a conflagration. A solid beam of wood covered with plaster is by no means easily consumed, and renders better service than an iron or steel girder. Buildings cannot, in all their internal arrangements, consist wholly of metal and stone. Lighter and more handy materials are required, and it is here that mischief is found to lurk. If the operations of the Committee succeed in lessening the danger of their use, by determining the precise value of the various expedients put forward, they will render a very considerable service to the cause of public security."

NO INSURANCE AGAINST SUICIDE.

That no recovery could be had on a policy of life insurance, when the insured person had taken his own life, would probably appear to the mind of every laymen an evidently sensible conclusion. The legal intellect, as it would seem from two recent cases, is not so easily satisfied. In the case of Ritter *v.* Mutual Life Insurance Co., 18 Sup. Ct. Rep. 300, the plaintiff's testator insured his life for the benefit of his estate in the defendant company, and afterwards having fallen into hopeless financial embarrassments, deliberately killed himself with the purpose of securing the discharge of his liabilities by means of the insurance money.

The opinion of the whole court, delivered by Mr. Justice Harlan, denies the liability of the company for two reasons. In the first place, they say, the contract was not intended to cover the risk of death by suicide, against which the company would certainly have refused to insure expressly. This method of reasoning, however, is not always safe, for there are many risks undeniably covered by an unqualified policy which the company would refuse to undertake if they were called to its notice and required to be expressly mentioned. It is the fair meaning of the words used, not the particular contingencies which happen to be actually in the minds of the parties at the time of making the contract, which must determine the liabilities of the defendant. It may be said that suicide is not within the fair meaning of the terms, but certainly it is within the literal meaning, and insurance contracts are strictly construed.

Much the better reason for the decision, and one well supported by authority, is that the law will not allow a recovery in consequence of act of self-destruction, whether or not the parties intended that there should be such a recovery. The standard authority on this point is Fauntelroy's Case (Amicable Society, etc., *v.* Bolland, 4 Bligh, N. R., 194, 211), where it was held that the insurer was not liable on the death of the insured by the hands of justice. The reasoning of that case is perfectly applicable to this one, and is simply to the effect that the law will not allow an action to be maintained, because to do so would offer to desperate men a temptation or encouragement to commit suicide or do something to get themselves hanged. The reality of this danger is strikingly illustrated by the facts of the present case.

A still more recent case, on the other hand, while noticing the decision above discussed, comes to an opposite conclusion on the strength of a distinction that would seem to be of doubtful validity. The Pennsylvania Supreme Court, in Morris *v.* State Mutual Insurance Co., 39 Atl. Rep. 52, decided with little discussion that if a life policy is made payable to a man's wife, instead of his estate, the wife is not prevented from suing for the money because he killed himself.

For this proposition the court quoted two New York cases, in both of which the reasoning is extremely brief and unsatisfactory, proceeding apparently on the theory that suicide can prevent recovery only as a breach of an implied condition, which breach, not being in this case the act of the plaintiff, the beneficiary, ought not to be a bar to her action.

Now, if the contract never did, nor could, cover the risk of suicide, no question of conditions is raised, and the identity of the beneficiary makes no difference. Every consideration of public policy would seem to go as strongly against recovery by a wife as against recovery by an executor. A man is at least as likely to kill himself for the benefit of his wife as for the benefit of his creditors.—*Harvard Law Review.*

THE COMPANIES.

MARYLAND LIFE INSURANCE COMPANY.

Comment was made in these columns in the issue of February 21st last, on the very creditable statement made by the Maryland Life Insurance Company of Baltimore, as to the condition of its business on December 31, 1897. While only what was to be expected, it will be gratifying to those interested in the company's success to know that the Insurance Commissioner of Maryland, after an exhaustive examination of its affairs on June 30, 1898, now endorses the favorable opinion previously expressed by the UNDERWRITER, as will appear from the following letter:

INSURANCE DEPARTMENT OF MARYLAND,
BALTIMORE, *October 8th*, 1898.

WM. H. BLACKFORD, ESQ., *President*,
Maryland Life Insurance Company, Baltimore.

DEAR SIR:

In accordance with the duties imposed upon me by the provisions of the 8th paragraph of Section 121 A of Article 23 of the Code, as amended by Chapter 272 of the Acts of 1894, I have caused an examination to be made of the affairs of the Maryland Life Insurance Company of Baltimore. The law requires that the examiner "shall thoroughly inspect the affairs of the company to an extent and make such inquiries as may be necessary to ascertain its condition and ability to fulfil its engagements and whether it has complied with all the provisions of law applicable to its transactions."

This examination has been completed by Mr. John W. Pulis, appointed by me as Special Examiner for the purpose, and it is found that the Assets and Liabilities of the Company, as of June 30th, 1898, are as follows:

ASSETS.

Baltimore City Stocks and other Stocks and Bonds owned by the Company. Par value, $1,135,630. Market value		$1,216,601 17
Real Estate, Office Building, 8 and 10 South Street, Baltimore		181,000 00
Real Estate purchased under foreclosure of Mortgages		41,700 00
Loans on Real Estate (Bonds and Mortgages)		279,569 33
Loans on Collateral Security		21,500 00
Loans on Company's Policies (Policies held as Collateral)		50,200 28
Premium Notes and Loans on Policies in force		20,677 88
Cash Deposited in Bank and on hand		23,066 68
Accrued Interest, Dividends, Rents, etc		13,760 70
Premiums in Course of Collection (less 20 per cent).		9,661 98
Semi-annual and Quarterly Premiums not yet due (less 20 per cent)		16,000 00
Total Assets		$1,873,738 02

LIABILITIES.

Losses reported	$3,500 00	
Losses awaiting proof, and Matured Endowments (unclaimed)	20,591 64	
		$24,091 64
Premiums paid in advance		743 54
Dividends to Policyholders unpaid		5,352 77
Other indebtedness		582 81
Net present value of all outstanding policies, computed according to the American Experience Table of Mortality and 4½ per cent interest, as required by the laws of Maryland		1,490,471 00
		$1,521,241 76
Net Surplus	$252,496 26	
Capital Stock paid in	100,000 00	
Surplus as regards Policyholders		352,496 26
		$1,873,738 02

The results of the examination show that the Company has been carefully and prudently managed; that its assets have been judiciously invested in securities of the highest class and strictly in accordance with the law regulating investments of Insurance Companies; that its loans made upon mortgages and deeds of trust have also been judiciously made, after careful appraisal of the property and search of title so as to secure to the Company a first lien in every instance; and that the loans made by the Company, whether on collateral securities or on its own policies, are well secured.

The outstanding policy obligations of the Company have been valued according to the standard prescribed by law in this State, and a broad margin of surplus is shown over and above the amount of assets required for compliance with the legal standard of solvency.

The accounts of the Company are kept in a manner at once accurate and simple, so that the true condition of the Company is easily ascertained by the Examiner.

In conclusion, it gives me pleasure to congratulate you upon the excellent condition of your Company as revealed by this my first official examination into its affairs.

Very respectfully,
(Signed): F. ALBT. KURTZ,
Insurance Commissioner of Maryland.

PRUDENTIAL INSURANCE COMPANY OF NEWARK.

The Prudential Insurance Company has recently closed a contract of life insurance which illustrates an important example of the practical usefulness of life insurance in keeping together the capital of large enterprises. Death often winds up partnerships by compelling the withdrawal of decedent's capital. To prevent that incorporation has been applied, but that is not an altogether satisfactory solution. The example of life insurance for the protection of a business connection, which the Prudential has accomplished, was in the shape of an issuance of $400,000 of partnership insurance in favor of four members of the firm of Hahne & Co., proprietors of the Newark department store. The first annual premium of over $13,000 has been paid and the policies have been delivered.

The persons insured are August Hahne, Richard Hahne, Albert J. Hahne, and William H. Kellner, each taking a policy of $100,000 and making the same payable to the firm, so that in the event of the death of any one of them the surviving members will receive from the Prudential $100,000 in cash.

This plan of partnership insurance is growing more popular among business men every day, and this movement on the part of Hahne & Company is a striking example of how an up-to-date firm can protect vast interests in the event of their being assailed by death. It is said that before deciding in what company the firm would seek the insurance, the leading life insurance companies of the United States submitted figures. No policies so completely satisfied the Messrs. Hahne and Kellner as those of the Prudential, which were proven to their satisfaction to be as safe and certain of payment as a government bond.

The officials of the Prudential are pointing to the transaction with pride, as it tends more than anything to demonstrate the faith with which business men and men of affairs regard the company.

NYLICS.

Among the reforms which of late years have characterized life insurance management in this country, none have been of greater importance than those which have for their object the indentification of the interests of the agents with those of the company. To check, and if possible prevent, the wandering of agents from company to company and from territory to territory will cause each agent and solicitor to feel such an identity of interest in the prosperity of the company, that as the company grows in strength the agents' compensation will also increase. This has been exemplified in many efforts on the part of the companies. To that end the New York Life Insurance Company organized its *band* of agents, called "The Nylic," in order to give permanency and character to the work of the soliciting agent, and to show "a man who is about to enter upon the business of life insurance that his best interests all lie in persistent and courageous service." Into the details of the "Nylic" or with its different "degrees" it is not necessary to go, further than to add that it will repay anyone proposing to enter the life insurance business to procure the little book, and for himself ascertain just what the company offers and intends to do by those agents and solicitors who stand steadfastly by the company.

Elsewhere in this issue will be found the company's advertisement for agents and solicitors—where "the best ot everything" in life insurance is freely offered, and "the best policies, the best agents' helps, and the best agents' contracts," are set forth for all who contemplate doing life insurance business. Of one thing, the man who works for the New York Life may feel assured that the company will need no boosting on his part, but will carry him over many a rough experience and help him in every way, for it is widely and well known as one of the strongest and best managed institutions in the world.

MEDICAL DEPARTMENT.

PROGNOSIS IN HEART DISEASES, WITH REGARD TO LIFE INSURANCE.

Dr. C. T. Williams concludes an article on the subject as follows (*Med. Exam.*, July, 1898): In considering the question of accepting or rejecting applicants affected with heart disease attention must be paid to the following points:

1. Age, both present and at time of attack.—Cardiac lesions that appear at 20 are more likely to improve than those coming on after 40, and the greater the age of a candidate, the less probability there is of complete compensation.

2. Sex.—Women are less liable to aortic valvular disease than men. Men are less subject to mitral valvular disease.

3. Occupation and Surroundings.—Whether these are the same as those under which the cardiac disease was contracted, and whether they are likely to be temporary or permanent.

4. Habits, such as the presence or absence of alcoholism, excess of tobacco-smoking, or the use of certain drugs.

5. Origin of the cardiac disease, whether in endocarditis or pericarditis, or as the result of degenerative processes.

6. The nature of the lesion, and specially whether it is progressive or stationary.

7. The amount of compensation established to overcome the difficulties of the circulation.

Careful study of the histories of persons affected by the various heart-lesions has shown that a longer life is compatible with the existence of many of them than was formerly held, yet in the absence of large records it is impossible to reduce the probabilities in all cases to definite figures, and the subjoined conclusions can only be regarded as approximations to assist the medical examiner in his work, which must, after all, be directed to the circumstances of the candidate under examination and to his surroundings and outlook:

1. Cases of adherent pericardium, provided there are no valvular lesions, that the muscular walls are sound, and that there is no cardiac dilatation; also that the adhesions are not to the chest-wall itself, may be accepted with a moderate addition of from three to five years.

2. Mitral-regurgitation cases, where the origin is not degenerative and the compensation good, and where there are no dyspnea and complications, can be accepted with an addition of from five to ten years, according to the age of the candidate.

3. Cases of mitral stenosis are less favorable, being liable to cerebral embolism, and can only be accepted if the disease is not progressive, if there is no accentuation of the second sound, no enlargement of the right side from either dilatation or hypertrophy, and no dyspnea. They can then be accepted on less favorable terms than cases of mitral regurgitation. Double mitral lesions, however, can only be considred with very large additions.

4. Aortic valvular disease, whether regurgitant or obstructive, cannot, as a rule, be admitted into the category of assurable lives; though favorable instances, where the lesions originate in rheumatic endocarditis and the compensation is complete, have been occasionally with large extras.

5. Cases of cardiac dilatation, without compensation, cannot as a rule be accepted at all, except when the dilatation is of a temporary nature, such as may follow over-exertion and over-smoking, but even here the case cannot be considered until all dilatation has subsided.

6. Cases of cardiac hypertrophy must be estimated with reference to the modes of causation, and no definite rule can be laid down, though lives where the lesion giving rise to the hypertrophy is not progressive, the muscular wall in a sound condition, the compensation complete, the vessels healthy, may be regarded as within the pale of life assurance, as, for instance, athletes who have given up sports, and women whose cardiac hypertrophy originated in frequent pregnancies, but are now past child-bearing. Here the lives may be accepted with an extra, varying with the age.

7. All forms of degeneration of the cardiac walls, fibroid and fatty, must be excluded, and vigilant watch kept against their admission.

8. All forms of cardiac neurosis are not equally dangerous, but they are too uncertain in their clinical life-history to allow of being admitted among the assured.—*American Medico-Surgical Bulletin.*

NOTICES.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, NOVEMBER 21, 1898.

THE MERRY WAR IN MICHIGAN.

Commissioner Campbell's "merry war" on the Michigan Inspection Bureau is to be fought to a finish by blows directed not on the Bureau but on foreign companies. The Bureau is legal because it is an arrangement made by Michigan fire companies which are not prohibited by any law of that State from combining together to fix and maintain fire insurance rates. But the law provides that companies not organized under the laws of that State shall, before being authorized to do business in that State, file with the Commissioner of Insurance an "undertaking" duly executed that the company will not directly or indirectly enter into any compact, agreement, arrangement or undertaking of any nature or kind whatever with any other company, companies, association or associations, the object of which is to prevent open and free competition between it and other companies. The gravamen of the allegation against the L. & L. & G., as well as other companies, is that they contribute to the support of a Bureau composed of Michigan companies; but that Bureau is not forbidden by any law from fixing fire insurance rates.

Whatever may have been the intention of the Legislature in using the words "company, companies, association or associations," the evident construction of the language used must be that the company or association with which the forbidden compact is made must be an insurance company or association, which the Michigan Inspection Bureau is not—the Bureau does not insure property. The law being a penal statute must be strictly construed, and cannot be enlarged by implication beyond what its words import. Mr. Chapman not being in the employ of the L. & L. & G., in any respect, and not being an officer of any company, his acts, whether legal or illegal, cannot be regarded as the acts of the L. & L. & G. or any other company. Neither can his supervision of policies written by the companies, with the power to reject for reasons satisfactory to Mr. Chapman, be regarded as a compact between the L. & L. & G. and another company or association.

Evidently that is the difficulty which embarrasses Commissioner Campbell. But is that game worth the candle which he must burn through all the courts? We think not, but agree with the agents in Detroit that as "the question would have to be met sooner or later, it might as well be now as any time."

In this connection we would call attention to the able opinion of Insurance Commissioner Mathews, of Ohio, on the same questions exactly that are in dispute in Michigan and to his ruling that the intermediate agency of boards of local agents was no violation of the anti-compact law of Ohio.

WHERE ARE WE *AT?* AND OTHER INSURANCE QUESTIONS.

Several important facts have recently brought fire insurance men face to face with conditions that suggest the question: Where are we *at*? with an emphasis on the "*at.*" It may well arrest the attention of the Committee of Fifteen to know that the very latest ruling of the Supreme Court is to the effect that among public corporations the law of unrestrained competition must exist and be enforced by law; and the court went even further and recognized the power of Congress to compel public corporations to "inaugurate a *war of competition* among themselves and thereby reduce their rates and fares"; and that Congress has the power "to say that no contract or combination shall be legal which shall restrain trade and commerce by shutting out the operation of the general law of competition"; and then by way of clinching the matter the court added: "The question is for us one of power only, and not of policy."

That ruling related to railroad corporations directly, and was made in the anti-traffic cases, but the court applied the principle of the public's right to unrestricted competition to all corporations of a public character engaged in interstate commerce. That we do not overstate the ruling we quote: "We think Congress is competent to forbid any agreement or combination among them (the grantees of a public franchise) by means of which competition is smothered."

So much as to interstate commerce. How is it, and how will it be in a few years as to trade wholly within the States? There the fire insurance companies are confronted with anti-compact laws, the compliance with which is made *a condition* upon which the companies are admitted to the State to do business. If the State's anti-compact law should be held to be unconstitutional, would that annul the *condition*? Not unless the State Legislature also repealed that part of its insurance law which makes its policy against anti-compact *a condition* precedent to admission; for when the Supreme Court declared unconstitutional a State law requiring relinquishment of the right to remove a case to the Federal Court it added that *the condition* was not affected by the unconstitutionality of the law, and the companies must comply with *the condition* or stay out of the State. Hence a law, null and void by the ruling of the Supreme Court, may remain on the statute book as an effective *condition* prohibiting a company from doing business in the State. Hence there is little hope of relief for the companies in *intra* State trade or business.

We do not know whether the State of New York has enacted an anti-compact law; if not, how long will it be before the devotees of competition will force that law upon the statute books?

According to Hayden's *Cyclopedia of Insurance* ('96–'97) "there are laws now in force in nine States prohibiting fire insurance companies or agents from uniting for the purpose of controlling the rates of insurance." And the State of Virginia must be added to that list, and "before sundown," probably, the State of Georgia. Ten States, out of forty-five, have these anti-compact laws. But with the unqualified recognition by the United States Supreme Court of the "war of competition" as public policy, together with wild ideas that pervade the public mind on the subject of forcing competition among the insurance companies, the prospect does not appear encouraging for the future.

While the Supreme Court did not evince indifference to the consequences which might follow the war of competition on railroad property, it did distinctly avow that its powers did not extend to considering the policy, nor the effects of that policy in the future, but was confined to examining the power of Congress under the Constitution, and finding that "the power to regulate commerce has no limitation other than those prescribed in the Constitution," the court held the Federal anti-trust law "valid," no matter what ruin and destruction may follow its application to railroad corporations.

How then would regulation of insurance corporations by the Federal government affect the compacts or agreements of insurance companies to regulate rates?

Bearing in mind that the reasonableness of rates had no influence with the Supreme Court, which held that compacts securing reasonable rates were also illegal, and that all agreements as to rates were illegal, we are confronted with the result that under federal regulation of insurance companies, agreement as to rates among nationally regulated insurance corporations would be illegal.

The same result follows now in ten States under their anti-compact laws. So State supervision, at least in those ten States, with the possibility and great probability of these laws being extended to every State, holds out no prospect for association by insurance companies for the regulation of rates.

These are the conditions which confront the Committee of Fifteen. Can that committee solve the problem? We think it can, provided that committee can establish to the satisfaction of Congress that unrestricted competition in fire underwriting will endanger the financial ability of the companies to guarantee the indemnity of the public. If the future solvency of the companies is to be endangered by this war of competition, then the public interests require that the general proposition of the public's right to unrestricted competition should be subordinated to consequences which threaten the solvency of the companies; and that competition among the companies may be prudently restricted in order that the higher right to safe indemnity may be made possible. If the two rights—that of free competition, and that of safe management cannot exist together—then the lesser, which affects the price, must give way to the greater which guarantees the indemnity.

If it can be shown that the public policy involved in the war of competition will destroy all profit and prevent dividend returns on capital, that of course would drive capital out of fire underwriting, and reduce the possibility of safe indemnity to the *minimum* of mutual fire underwriting.

This is a matter primarily in the interest of the public, and only incidentally in that of insurance capital, because when driven into the "last ditch" capital can withdraw from fire insurance, but the public cannot. And there is where both parties are "*at.*"

One of two things must happen soon—either insurance companies must be guaranteed by law with the right to so manage their business that their capital shall have the chance to make a fair return for the risk it takes in fire insurance, or the public must look elsewhere for its indemnity. No sensible men will continue to hold over one hundred millions of dollars up to the risk of conflagration with the knowledge that the public policy of free competition denies them the chance to make a fair return on that capital. Some other insurance questions we will consider later on.

THE Eleventh Annual Session of the National Congress of Fraternal Orders is now in session in this city. While extending to all the visitors our best wishes for "fraternalism," we would correct the idea advanced by Major Boynton that the "old liners" have the State Insurance Commissioners under "their thumbs." If that was so, they would be mashed flatter than a flounder.

A CHANGE OF FRONT.

The insurance business has of late had many very able papers on the various conditions, practices and principles of the business spread before the public. Those papers unfortunately will never reach the general public mind, and thus much of their force will be lost, and, moreover, the indisposition of some insurance officers "to waste time" in reading insurance journals may even deprive a part of the profession of the value of these papers. Nevertheless, these papers have intrinsic value which cannot fail, in time, to produce a marked impression upon the profession of underwriting.

A striking thought pervades some of these papers which made its appearance for the first time, so far as we are advised, in insurance literature—that of taking the people into the confidence of the business and relying on the intelligence and sense of justice in "the American people, when fully conversant with the situation," to "refuse to tolerate any longer the infamous attacks which ignorance and malevolence have so persistently directed against fire insurance corporations." On that foundation President Lenehan built his superstructure, firm and strong, that

"In systematically furnishing the means of knowing the true intent and purpose of our organizations, and the benefits derived, not alone by the companies, but by the community as well . . . we are offering a legitimate defense against vicious legislation and providing for the public the light which its interest in the question demands. *Educate the people* and they will take care of the legislature and the administration of the laws, and it is only through education that we can hope to secure immunity from the attacks of ignorance and cupidity."

Truer and more opportune words have not appeared in any insurance quarter. This country, and all it stands for in every branch of its civilization, progress and business, rests on the people, who only are potent for good or evil. To them, then, the "new crusade for justice and fair dealing" must be directed, and when so presented, with the "business free from the taint of wrongful exaction or illegal advantage," it will not be in vain.

Upon the same line of thought was the address of President Janvier:

"Where a proper appreciation is had of the far-reaching importance of this business, and we realize how much its successful operation must depend upon securing and retaining the unqualified confidence of the people, the question which naturally suggests itself to the inquiring mind is, whether it is being conducted in such a manner as to expand its capabilities, enlarge its usefulness, and strengthen its hold upon public esteem."

These papers, and there are others from which extracts on the same line might be made, indicate a change of front from the "public be d—d" theory to that of public confidence and public esteem. The change is indeed a very wise one, and if persisted in and continued with a due regard to the rights of the insured under the contract, and without the offensive and unwise operations of the "lightning adjuster," a condition of public opinion will certainly follow, which will repeal laws prejudicial to the welfare of the companies.

Neither party, insured nor insurer, can do without the other, nor is there any greater necessity for indemnity than there is for premiums; the relation is one of interdependence, and on that ground only can it be conducted without the efforts of the public to "get even" with the companies. Without entering upon the discussion of where the fault lies, or who is responsible for that condition of public opinion which has found expression in hostile legislation, we would voice the spirit of these papers to seek the public confidence and cultivate the public esteem, for therein lies all success for both insurer and insured.

PRINT AND DISTRIBUTE.

The approach of the legislative season in many States suggests the propriety of utilizing the information and arguments in the papers read before the late National Convention, and before the Northwest Association, in an effort to have amendments made in legislation.

It is a well-settled conviction among fire underwriters that rates equitable to the public are safe to the companies, and that what is equitable to one or safe for the other, can only be fixed by the united experience of the companies. That thought is not only well expressed but conclusively established by Mr. Janvier in his address before the Northwest Association, as follows:

"To ascertain with any degree of accuracy—with any degree of fairness to the public and of safety to the business—what the sum of this tax should be, is a task which is by no means easy, and requires in its satisfactory accomplishment the combined application of sound judgment, practical experience and unselfish integrity. Individual experience is generally misleading, and is seldom sufficiently comprehensive and extended to furnish the data for reliable averages. It is only by accumulating and uniting the experience of the many that results can be reached which would afford justice to the companies and people alike. And there is no other way of accumulating and joining this experience in such a manner as to insure the maximum of benefit to all concerned than through the medium of co-operation, entered into with sincerity of purpose and maintained with earnest and hearty loyalty, between all those engaged in the business of fire insurance, whether as officers, managers or agents."

But there exists an idea that the "joining of this experience" of companies militates against "competition" among companies, and is in the nature of a Trust, Combine or Monopoly in fire underwriting. The arguments and statements in several of the papers read, in the two notable assemblages of underwriters, clearly dispel the idea of a possible monopoly in underwriting, and plainly show that anti-compact laws which forbid association to regulate rates operate as well to prevent reduction as they do to forbid increase of rates. That under no possible strain or struggle for business will any really safe insurance company accept business, to any large extent, at rates below its ideas of safety. That competition ends when the margin of safety disappears, and that all insurance written below the line of safety is not indemnity but dangerous gambling on the chances of a fire, in which the insured takes as much risk as the insurer.

To expect underwriters to conduct their business on rates established by any authority except their own is futile and absurd. However much of risk there may be in underwriting no sensible underwriter desires that risk increased by inadequate rates, nor will such men accept risks at inadequate rates because State laws operate to their exclusion unless they comply with inadequate rates.

The information contained in those papers is of no earthly use if confined to underwriters; its value lies in its convincing force with minds charged with the duty of making the laws. Hence, it is proper and necessary that by some means those papers should be reproduced and distributed among members of those State legislatures which assemble this winter, and upon whose statute books are found legislation hostile to insurance.

We print elsewhere in this number an able and interesting paper on "Acetylene as an Illuminant," by Alfred R. L. Dohme, Ph. D., of this city. The paper will be found useful as well as instructive to all persons interested in this subject. The author is a rising chemist of this city, and thoroughly qualified in chemical science.

THE EQUITABLE LIFE ASSURANCE SOCIETY.

Changes in the Executive Staff.

A circular letter from Vice-President Alexander, of the Equitable Life Assurance Society, to the Managers and Agents, announces several very important changes in the executive management. The death of the late Actuary, an officer of exalted character, and a mathematician of the highest attainments, Mr. George W. Phillips, created a vacancy in that department which has been acceptably filled by the merited promotions of Mr. Joel C. Van Cise as Actuary, and Mr. Robert G. Hann as Assistant Actuary. It is a notable fact in the history and traditions of the Society that its management appoints, trains and educates men for its executive staff according to the dictates of its own judgment and the lessons of its own experience. Mr. Phillips was the Actuary of the Society from the time of its organization, and his successors have for many years profited by his teachings. President Hyde, the Society's projector and organizer, has witnessed its growth and development from small beginnings to its present magnitude, and has always been the conspicuous figure in its history. What a power he has been in the life insurance field for forty years! What an inspiration to all whom he has assembled about him in pushing his great plans and purposes! What superhuman energy and enthusiasm he has manifested in all that he has undertaken! If we had our way, we should say to the master spirit, "O King, live forever." But as it is, we cherish the hope that it will be many, many years before the time will arrive to say to the younger men who are coming forward:

> "For you is the dawn of the morning;
> For me is the solemn good-night."

As to Vice-President Alexander, the least that can be said is that "none know him but to love him, none name him but to praise." We hear a good deal now-a-days of the scholar in politics, but here is the scholar in the field of insurance, showing in his daily walk the compatibility between the refining influences of an honored position in the republic of letters and the weighty responsibilities of an office which demands business capability of the highest order. Both as the nephew of the first president of the Equitable, and by virtue of his own special gifts and graces, he is looked to in the course of coming years as the "heir apparent" in the line of succession.

We learn from the circular of the very appropriate appointment of Mr. James H. Hyde, the son of the founder, to the vacancy occasioned by the resignation of the second vice-president, General Louis Fitzgerald, who will henceforth devote his time to his duties as President of the Mercantile Trust Company. The young man who thus enters upon a career which will enable him to perpetuate a name so closely intertwined with one of the greatest institutions of modern times, has inherited so many of the remarkable characteristics of his father that he is thoroughly imbued with the principles and practices which his father has applied with so much success. He will therefore bring to his new position a special aptitude for its duties, combined with the advantages of a Harvard training.

It is the purpose of Mr. Van Cise to review the mortality experience and other branches of the actuarial work, and the insuring public may look for up-to-date accomplishments in all that will contribute to the adaptation of the Society to the needs of the future.

The army of agents that still goes marching to new conquests, not only all over America, but throughout the civilized world, will continue under the wise direction of Third Vice-President Gage E. Tarbell and Fourth Vice-President George T. Wilson. These changes in the executive staff look not only to present efficiency in the work of the society, but manifest timely preparation for that future through which the society will live, after those who are now prominent in its management shall have passed away. We congratulate the agency force on the significance of this movement and the great effect upon the society's future progress which it implies. After all, whatever the ability, the capacity, the energy and the integrity of the executive staff, it is the agency force which builds and sustains the society. Presidents and vice-presidents, trustees and committees may inspire confidence, and command golden opinions, but it is the zeal of the agent which has made and will continue to sustain the great organization in its present advanced position and leadership in life insurance. Plans and policies of insurance may be made attractive, but it is the agents and solicitors that make them known as co-workers, and bring to the office the premiums upon which the society rests. Vice-President Alexander recognizes the truth of this remark when he says:

> "First in importance, and requiring skill and experience of the highest order, so that the pre-eminence of the Equitable may be maintained, and its volume of business—the foundation of the whole enterprise—strengthened and enlarged, is the agency system of the institution. It is this which has established throughout the civilized world, with all its ramifying machinery, an army of tried men, ever improving and increasing, and it is this which furnishes the funds wherewith to carry on our beneficent works."

Then let the agents be up and doing with the energy and the will-power of their leader Henry B. Hyde, and close the nineteenth century for the Equitable with such results as will open the twentieth century with a plant that will astonish the world. They can do it.

NO MORE "PREREQUISITES" WANTED.

The Oriental is something more than a company paper; it voices the convictions and purposes of an able fire underwriter, and discusses with strong arguments the liveliest questions in fire insurance. As to "rating by the State" it closes the expression of its views with the statement that "as for the companies, the State has given them enough trouble without adding this to the catalogue," and then in the very next columns publishes the text of "An Act relative to Reinsurance Contracts," which it hopes to see introduced into, and become the law of, every State.

What would that act accomplish? Nothing less than a bald violation of the sacred right of contract—"that liberty of the citizen to pursue any livelihood or vocation, and for that purpose to enter into all contracts which may be necessary and essential to his carrying out those objects to a successful conclusion." Carry the principle upon which that proposed act is founded to its legitimate conclusion and the State would be invested with the power of dictating and directing any and all contracts. No voice could be consistently raised against the State's law of valued policy—to the State's regulation of premium rates, to the State fixing the rate of compensation for salaries and commissions, and to numberless other invasions of the right of contract.

We are not now prepared to enter upon any discussion of the subject of reinsurance in foreign companies, but we enter our protest against an effort by insurance companies to encourage and sustain the right of a State to interfere with the right of contract. Neither can we witness without regret the spectacle of an insurance company suggesting to the State further *conditions* as to admission to do business. The "prerequisites of admission" already existing are quite enough "without adding this to the calendar."

PASSING COMMENT.

ON the 15th October last the Travelers' reached its 100,000 policy, which it wrote for $20,000 on the life of Louis Wellhouse, of Atlanta, Georgia.

***

"IT will come as a shock," says the *Insurance Post*, "to most people to learn that, taking the population of the United Kingdom, one out of every twelve persons meets with an accident every year, and one out of every one hundred accidents terminates fatally. Thus, no less than 9000 accidents are estimated to occur in Great Britain every day."

***

THE report is flying about that Mr. George W. Riggs, Chicago manager of the New York Life, has completed a life insurance deal, the *premium* on which is annually $100,000. The story is a "*whopper*" whether true or false, and whether Yerkes got rigged or Riggs got Yerked is the debatable question, but between them they did a nice thing in life insurance, whether the $100.000 was the amount insured or the premium on $2,000,000.

***

Thrift says: "Divers and sundry *obiter dicta* of the United States Supreme Court have practically declared that insurance was not a branch of interstate commerce, and hence not within the scope of congressional action." Our contemporary would very much oblige the insurance profession by pointing to the case and reporter, where one—a single one—of the justices made any such declaration, or ever in any way connected insurance with interstate commerce.

***

FIRE insurance is a much-divided business; there are the unionites, the non-unionites, the cut-raters, the undergrounders, the wild-cats and the Lloyds; then there are the loyals and the disloyals; and after these come the overhead underwriters, then the agents, and lastly the brokers. And through each and every subdivision there comes a thread of down right dishonesty if *The Review* is correct in its diagnosis of the ailments which infect "Fire Underwriting Associations."

***

THE *Travelers' Record* says of the "Society" of incorporated State Superintendents that "the futility of the scheme was probably too evident to bear private inspection, much less public argument, and it was allowed to disappear into silence without waste of words." Now, that "Society," that "Scheme" was got by the *Spectator* out of the *Weekly Underwriter* or *vice versa*, and had good insurance blood on both sire and dam sides. What business has the *Travelers' Record* to be casting its reflections on a colt with such a thoroughbred insurance pedigree.

***

ON the subject of salvage and the adjuster's passion therefor the *Ohio Underwriter* tells the following good story:

"The loss on the Paddock, Hodge & Company's grain in the union elevator at Toledo, Ohio, was adjusted at $234,541.67—'*less, for estimated damage by explosion as per compromise*, $100.'"

That fellow strained at a camel and swallowed a gnat, thus reversing the practice of "ye blind guides" of the olden time.

"It is such things as this in the settlement of losses that bring the action of insurance companies into disrepute, and lead the public to believe that they will take an advantage wherever possible." Very true.

***

IT is a fact, and one worthy of mention, that when war with Spain was imminent and threatening, the Metropolitan Life Insurance Company promptly adopted the policy of "open door" to every citizen who went to the defence of his country in army or navy, and neither extra premiums, permits, or restrictions of any kind were demanded of either insured or intending insurants. And now that peace is in sight, the wisdom of that policy is apparent, and the liberality of the company deserves full and frequent mention. That the Metropolitan was the only company which thus confronted the probable mortality of war, with the liberality of no increase in premium, is none the less a fact greatly to its credit.

***

IT is intimated in English insurance papers that the necessity for increasing the rates of insurance on cyclists is being seriously considered by English companies. If an increase in rates would operate to decrease accidents, or would secure more careful riding, there would not be a doubt as to the propriety of increasing the rates. The cyclists who are most frequently the cause of accidents, are the ladies—who not in thorough confidence with themselves and their wheels, yet enamoured with the pleasure of riding, rush along, wabbling from side to side uncertain whether to turn to the left or right or ride straight ahead. The unfortunate pedestrian, in equal uncertainty, dodges this way and then that, and is finally run over for getting in the way—and the cyclist says "served him right."

***

THE *Surveyor* commenting upon an extract from this paper says: "There are also quite a few underwriters who seemingly do not understand the distinction we have indicated, just as there are many people who cannot comprehend the reason behind the anti-trust sentiment. But the distinction and reason exist, and are based upon everlasting principles of human equity, the violation of which inevitably breeds trouble for the violators." All of which may be gospel truth, but until we are told how many make "quite a few," neither ourselves nor the underwriters will be able to digest the "everlasting principles of human equity," which are given to breeding trouble, nor without further instruction can we escape the consequences which attach, according to our contemporary, to "the violators." Further explanation, if you please.

***

THE *Weekly Underwriter*, replying to its own question: "Who are the people"? says: "Certainly not the 'three tailors of Tooley street.' The *Standard* and Nat Tyler, even with the BALTIMORE UNDERWRITER and *Views* thrown in, are not the people of the United States." Granted, but they are parts of the people, while the *Weekly Underwriter* is not even a part. Because the forty-five States and all the Territories and the District of Columbia have declared for the supervision of insurance, but against that unanimity the *Weekly Underwriter* put its little ball of anti-supervision in motion, propelled sometimes by its hind legs and then by its fore legs, while all insurance people looked on, admiring the industry but laughing at the effect of the little ball. Our contemporary "cannot but pity the mental condition of an editor who sits at his desk and imagines himself a nation"—truly a sad mental condition, but not so sad as an editor propelling a little ball, first fore and then aft, and imagining he is defeating national supervision of insurance.

***

THE passing of the State of Kansas into the column of Republican politics will remove McNall, the Insurance Commissioner, from his sphere of annoyance to insurance companies. This will be a matter of congratulation to every insurance company as well as to their millions of policyholders. That populism should have developed that ignorant scamp into a State official, charged with duties which enabled him to enrich himself and employees out of funds that stood for the protection, benefit and indemnity of the people, is one of the strangest freaks of popular government. For several years he has indulged his ignorance, in ways that were inimical to the best interests of the people of Kansas, inflicting at the same time very great annoyance and some loss to insurance companies. And when the Republicans turn him out, neither himself nor any one else will be able to point to a single benefit which his administration of the Insurance Department has brought to the people of that State. His report exhibits nothing of use either to people or companies, and is merely a recapitulation of the "litigation" and quarreling which has characterized the Insurance Department of Kansas since McNall was made its superintendent. He can be dispensed with with less inconvenience and more satisfaction than any man who has ever been superintendent or commissioner of insurance in any one of the 45 States of the Union.

***

TALKING in one's hat is not the right thing for an insurance journal. More than any other of the organs of public opinion an insurance newspaper ought to have no concealments of fraud, and no covering up of the names of those who defraud. Hence we do not understand why *The Vigilant* should write about "several fire insurance companies . . . organized in New York," which "were created and conducted with the ultimate view of retirement by the profitable route of reinsurance," and that "it is needless to name these corporations. Every reader of *The Vigilant* knows them." We have been a constant reader of *The Vigilant* for "the last two or three years" at least, and we do not know the names of those frauds. It is un-

sportsmanlike "to fire into the flock"—it is single birds only that the real sportsman seeks to bag. And moreover, if it "would be a good thing to get this disorganizing and disturbing element out of the business," how can that be accomplished unless their names and places of business are published to the world? And the plan to get rid of these fellows by not "reinsuring the risk of retiring companies" requires their names, otherwise an honestly managed company desiring to retire might be confounded with the "speculative and thrifty gentry," whose names *The Vigilant* does not publish. Some of those "gentry" might come down to Baltimore to get reinsured by one of our excellent companies, and how could the BALTIMORE UNDERWRITER be a faithful sentinel against their insidious approach unless their names are known? If you tell it in Gath we can publish it in the streets of Askalon.

***

No men are more interested in the advancement of science than insurance men, and this is particularly true when that advancement concerns their business interest. In this connection we read an extract from the address delivered at Bristol, England, (Sept. 1898) before the British Association for the Advancement of Science, by Sir William Crookes, F. R. S., in which the President said:

"Were I now introducing for the first time these inquiries to the world of science I should choose a starting-point different from that of old. It would be well to begin with *telepathy*, with the fundamental law, as I believe it to be, that thoughts and images may be be transferred from one mind to another without the agency of the recognized organs of sense—that knowledge may enter the human mind without being communicated in any hitherto known or recognized ways."

With *telepathy* practically in operation, the moral hazard in fire insurance as well as every fraud which now vexes the managerial mind would totally disappear. Away off in Hartford the insurance officials would "catch on" to the intention of the "fire-bug," down in Georgia, or afar off in Nebraska, as well as close at home, and prevention, the best of cures, would step promptly in to frustrate the incendiary. Unfortunately, Sir William adds that *telepathy* "has not yet reached the scientific stage of certainty," but we are assured that stage is coming, and he points out "the direction" in which it may be looked for. As that direction is rather nebulous at present and lying somewhere "along the connecting sequence of intermediate causes," we cannot at this moment advise any abatement of effort to punish incendiaries or otherwise let up in efforts to protect the moral hazard.

***

THE October issue of *The Argus* does both itself and the Omaha Exposition "up brown." The illustrations are very beautiful, and a real pleasure to unfortunate "stay-aways" like ourselves; we have seen very few illustrations more life-like and beautiful than The Grand Court, the Horticultural Building, the Union Life Insurance Company's Building, and the Illinois Building. *The Argus* explains the insurance feature of the exposition by saying: "The insurance on the exposition buildings was handled conveniently and readily by the simple plan of placing it all through the local inspector, C. Hartman. A committee of Omaha Underwriters was formed, with Mr. Hartman chairman, through which an efficient fire department was organized for the fair, water-mains laid, etc. During the period of construction the builders' risks were systematically and evenly distributed among the Omaha agents; this period was passed without a loss. When the buildings were completed all policies were cancelled and rewritten. The total insurance on the exposition structures, after completion, amounted to an even half million of dollars, and was covered by seventy-five policies, placed among Omaha Underwriters. The rates varied from two and a-half to seven per cent. The hour the exposition closes nothing is considered insurable on the grounds, and all rates are declared off. The contents of the buildings were, of course, beyond the control of the committee, and became an object of sharp competition among the agencies. Three hundred thousand dollars was written on the contents of the Fine Arts building alone. But three fires have been sustained at the grounds, and in each instance without loss to the companies. The fire protection has proved highly efficient. It includes a complete fire alarm system, two company houses, two hose carts, one hook and ladder company, twenty men, six horses, and twelve hundred feet of cotton and rubber hose. A pressure of one hundred pounds was general over the grounds."

The fifteen photos of insurance men are graceful trimmings for the *tout ensemble*.

LOCAL MATTERS.

MR. C. W. HUSKE, general agent of the Home Life Insurance Company of New York, finding his old quarters not equal to his demands, has removed to more entensive quarters, on the second floor in the Consolidated Building, S. W. corner of South and German streets. Mr. Huske, although a stranger in Baltimore, is doing a good business.

A SPECIMEN of how rates are being cut in New York is shown by a risk offered recently in this city on a prominent and successful hotel in that city, where the insurance carried is $650,000, on which the rate at which it was written before New York Tariff Association dissolved was 80 cents per $100 per year less 15 per cent. Now it is being written at 50 cents for three years less 15 per cent. Among the prominent companies on the risk are the Royal, $50,000; Liverpool, London & Globe, $40,000; Helvetia, $40,000; Phœnix, England, $40,000; North British and Mercantile, $35,000; German-American, New York, $30,000; Queen, New York, $20,000; National, Conn., $20,000; Citizens', New York, $150,000, and the Norwich Union, $15,000. Certainly this additional evidence of suicidal rates proves the urgent necessity for a revision, for no longer can New York Fire Underwriters pose as models in the business of fire insurance.

THE *Ohio Underwriter* says: "A change has been made in the Cincinnati office of the American Bonding and Trust Company, which will cause at once pleasure and regret, pleasure at the good fortune of W. P. Flanders, the manager, and regret that he is to leave Cincinnati. Mr. Flanders has been promoted from manager at Cincinnati to general manager for New York State, with headquarters at New York. He enters upon his new duties December 1. He will be succeeded here by James M. Sprague, chief of the recording department of the probate court of Hamilton county. Mr. Sprague takes this position as a new man in the business, but those who know him believe that he will meet with success in it. He has a very wide acquaintance, especially among men connected or doing business with the courts. Mr. Flanders has been manager at Cincinnati only about a year and a half, but in that time has proven so efficient that his promotion is merited."

As a precaution, and a wise one, too, against the consequences of an alarm of fire in theaters and places of amusement, Chief Engineer McAfee has prepared an ordinance requiring the managers of theaters in this city to provide equipment for quick and handy use in the event of a fire. There is to be no further increase in the expenses, but merely a provision to prevent and quiet alarm by having a uniformed man on the stage, and one in the rear of the audience to stop panic by cool, skillful and intelligent action at the first indication of alarm. The chief's idea is that it is best to familiarize the audiences at public places with the fact that a fire is possible, and that for that reason there are uniformed officers on duty to deal with it at its very inception. The idea is a good one, indeed the very fact that there are always present officers ready to act as well in checking a fire as in checking panic will go far to give that coolness in time of danger which is itself a great protection.

INSURANCE COMMISSIONER KURTZ is looking after the Fire, Marine and Casualty companies who write risks in Maryland over the heads of their agents. He wants the companies to understand that they must pay the State tax on premiums received by overhead writing. He says in a circular letter to the companies that:

"Although there is no resident agents' law in the statutes of this State, yet there is ample provision for the collection of taxes on all premiums collected.

Section 126 Insurance Laws of Maryland 'provides that all companies shall pay into said treasury a tax of one and one-half per centum on the amount of premiums actually collected, received or secured in this State, or from residents thereof, without deducting for expenses which may have been paid or for any other cause whatsoever.'

Information is from time to time being received by this department where the home offices are writing business and collecting premiums *direct*, the same not being received through their agents.

In some instances I have made a demand for said taxes and received same, but desire to inform you that I cannot continue this procedure. In the event this letter is applicable to your company, I request you to include all premiums in annual statement, under oath, filed with this department.

Failure to comply with this request, and upon satisfactory information by this department of such violation, I am compelled to examine the books and records of your company, collect the expense of examination, and revoke the license of an offending company."

THAT the great denomination of Lutheran Christians should at this late day be gravely and seriously discussing in conference the question: "What position must the Church assume toward life insurance companies," is, to say the least, remarkable. And the paper under consideration in conference further discussed the questions: "Is the principle on which life insurance is based *wrong* in itself?" And "Do insurance companies practice usury?" And "Does the individual by having his or her life insured show a lack of confidence in the providence of God?"

It would be difficult to select four questions more silly and absurd than those upon which the conference has spent several days in discussion. These questions seem to have found the reason for their discussion in the assumption by Mr. Stiemke "that there was no passage of scripture in the Bible where a duty or promise could be found to lead any one to believe, or expect to receive any stipulated sum, or a dividend in any way at the close of life," and the writer draws therefrom the conclusion—hence "the pernicious influence of life insurance on the orthodox faith."

A like reasoning, if such can be called reasoning, would discountenance any and every business, for the Bible nowhere promises "a stipulated sum" nor a "dividend" to any business. Paul planted, Apollos watered, but God gave the increase, according to His wisdom. The agriculturist takes the *chances* of the seasons without showing any lack of confidence in the providence of God. Those who go down to the sea in ships take the chances of wind and storm, and yet

—"Ships have gone down at sea
When Heaven was all tranquillity"

without there being any lack of confidence in the providence of God. Did the great Puritan Captain show lack of confidence in God when he enjoined his soldiers: "Put your trust in God, my boys, and keep your powder dry?"

Was it not rather a caution that God helps those who help themselves by observing all proper prudence in life and in the performance of life's duties?

The discussion of such questions may exhibit "a zeal of God, but not according to knowledge," and for every text of scripture condemning the principle of life insurance which Mr. Stiemke will produce, we will produce others which recognize the Christian principle that he who provideth not for his own household is worse than a heathen.

AN IMPORTANT ruling of the United States Circuit Court of Appeals, on the time which a suspended "Companion" in the Supreme Council, American Legion of Honor, may take to pay overdue assessments, was rendered in the case of Rachel S. W. Gootee. The Circuit Court of the United States rendered judgment for the plaintiff, Rachel S. W. Gootee, in the sum of $5,170.90, from which the Legion of Honor appealed. The facts are stated so clearly in the opinion of the court that we prefer to extract rather than abstract and let the court's language explain the ruling.

"It is admitted by the pleadings that Kelly Gootee, in his lifetime, because of failures to comply with the requirements of the by-laws, was suspended from membership in the order mentioned. It was claimed by the plaintiff, but denied by the defendant below, that said Kelly Gootee was, in his lifetime, under the provisions of the by-laws, duly and fully reinstated as such member, and that his certificate was not void, but in full force and effect at the time of his death. If he was duly reinstated as a member within sixty days from the date of his suspension, then, so far as this case is concerned, the questions relating to the estoppel of the Supreme Council, American Legion of Honor, from setting up the claim of forfeiture of the benefits of said certificate, because of the action of its agents, are not material, and the assignments of error based thereon need not be considered.

"Assessment No. 368 was made by the executive committee on the 1st day of August, 1896, and under the by-laws was payable by Kelly Gootee on or before August 31, 1896. We think he had all of that day in which to make said payment. If he had died on that day, at the last moment of time preceding September 1, his certificate would have been in force, and the Supreme Council would have been bound to pay the sum mentioned therein to the beneficiary named. But he did not die before September 1, 1896, nor did he pay said assessment before that date, and consequently he was suspended from membership, from the first instant of time, of September 1, 1896. The contention of plaintiff in error that the suspension took place on the 31st day of August, 1896, is without merit. All the members of the order had all of that day in which to make payment of the assessments called during that month, and their suspension followed, under the by-laws, immediately after that day had passed, if they had not paid such assessments before September 1.

"Kelly Gootee had, by virtue of the by-laws, sixty days *from* the date of suspension within which he could secure his reinstatement by paying all dues, assessments and fines chargeable against him at the time he so sought reinstatement. Did he do this? He made the last of such payments on October 31, 1896, and that was within sixty days *from* September 1, the date of suspension as we have found it to be. The complainant in error computes the sixty days from August 31, the day on which the payment of Assessment 368 should have been made in order to have prevented suspension, thereby confounding the date when that act should have been done with the date of suspension, which could not have been until the former date had expired.

"When time is to be computed from a particular day or event, the general rule is to exclude the day thus designated and to include the last day of the specified period. Sheets vs. Selden's Lessee, 2 Wall., 177. In disposing of questions of this character great weight should be given in every case to the particular words of the contract to be construed or to the language of the rules to be defined and applied. Much of the confusion existing concerning the reported decisions of the cases involving the computation of time in matters of this character will be found, on a close examination of the opinions of the courts, to be owing to the desire to give due effect to the meaning of the parties, as expressed in the particular language or phrase used in each case.

"In the case under consideration, we think it is clear that it was intended by the words used in the by-laws to give to each member of the order, should he desire it, all of the calendar month in which an assessment was made to pay the same, and that suspension for non-payment was to date, not from the last day of such month, but from the first day of the succeeding month, and also that such member was to have sixty full days after the day of suspension in which to secure his reinstatement. On this latter point the Supreme Court of the United States has held that the word 'from' always excludes the day of date. Best vs. Polk, 18 Wall., 112; also see 1 Parsons on Notes and Bills, 385, and the authorities cited. Excluding the day of suspension, September 1, and calculating to October 31, the day that Kelly Gootee paid the last payment then due by him, we find that it was within sixty days of his suspension, and that he was on said last-mentioned day fully reinstated as a member of said order. It follows that his certificate was in full force at the time of his death, and that the defendant below should have recognized its validity, and paid to the beneficiary mentioned therein the sum provided for by it.

"The assignments of error founded on the refusal of the court below to give the instructions asked for by the plaintiff in error—referring to the questions we have been discussing—are without merit, for the reasons we have assigned in sustaining the instructions given, and so far as they relate to other questions they are, as we have said, immaterial.

"We find no error in the judgment of the court below, and the same is affirmed."

CORRESPONDENCE.

LETTER FROM NEW YORK.

NO PLATE GLASS COMPACT.

Meetings of companies interested in plate glass insurance have been held in several cities since the date of my last letter. No agreement has been arrived at. President Seward, of the Fidelity and Casualty of New York, says that his company has formulated a tariff of rates for its own guidance, based upon its experience, and that these rates will be charged whether they are identical with those promulgated by other companies or by a combination of other companies. If his company's business is attacked he will reduce his rates below cost should it be necessary, and will keep them there until the attack ceases.

As in fire insurance, no doubt capital has entered the plate glass insurance business, because of the seeming ease with which it could be worked and the absence of technical knowledge required under the late existing conditions. A tariff of rates was prepared—rules for the government of the business promulgated, and commissions to be paid agents was agreed upon. It all seemed so easy. Profits were fairly good.

If President Seward's very intelligent and proper stand is maintained some of the companies who are responsible for the present disorganization will either go out of business or fight each other until the weaker ones are sacrificed for the benefit of the survivors.

Of course the plate glass insurer learns one lesson, viz. that he has been paying too much for his insurance. If rates were intelligently made they would provide for a fair profit, much less extravagant commissions than are now paid, and altogether more reasonable working expenses. Matters will probably not improve for some time.

TARIFF COMMITTEE'S WORK IN NEW YORK.

In one breath the *Journal of Commerce* says the "secrecy with which the committee surrounds its operations is not considered objectionable by underwriters," and then goes on to say that the dis-

agreement between various members of the committee has a very discouraging effect on the underwriters who desire a tariff earnestly and early.

The committee is charged with spending much time in long debates as to whether it shall take the resolutions passed at the Irvin meeting as instructions to be obeyed to the letter, or whether it shall take them as indications only of "about what" the companies would like done—the committee having power to change these resolutions if they think proper. It then points out that the members differ widely in their views as to "recognition of the broker's board and the abiding by the rules of other boards."

To that there does not seem to be much "secrecy" in the proceedings of the committee.

One is forcibly reminded of the reports to be read occasionally in your journal of the secret proceedings of the Baltimore Board of Underwriters.

It is possible that members of the committee have talked of its proceeding in order to gauge outside opinions. The questions in dispute rumor says are:

1. *Recognition of brokers' associations.* The general opinion is that these will not be recognized, and undoubtedly if this can be done it should be done.

2. *Outside business to be written regardless of rates of other local boards or restrictions as to commissions.*

The secretary of a New York company on Cedar street said to me the other day as to this question, "Now, what can we do? We must have a compact in New York. Let other local boards look after themselves. Other compacts do not have rules restricting the actions of their members as to outside business."

But other compacts *do* provide that the rates of other boards shall be observed, and it certainly augers ill for the business generally if New York officials hold generally this secretary's selfish views.

The New York manager of a large Hartford company said yesterday to me, "Why, our local office has dismissed some of its clerks, is practically doing nothing, and if we are to have a board we must make some concessions to the New York companies. Of course it isn't honest to turn them loose to prey on their neighbor's business, but what are we to do?"

This gentleman knows well enough that a compact that depends for its success upon the promise of loyalty of its members, with an understanding that these members shall act dishonestly in their procurement of outside business, and simply make a mockery of the attempt of the members of other boards to act loyally to each other, is nothing more nor less than an impossibility—a parody on a compact. President W. E. Hutchins, of the North River Insurance Company, says to the *Journal of Commerce*:

"Companies which have been writing over the counter, in preference to doing a general agency business, would be deprived of a very large part of their income. If the companies are restricted to ten per cent or other fixed commission on outside business the companies that live up to it will get left, as the others will write it from some point outside the Metropolitan District at a larger rate of commission. There is certain business which has been placed in New York under tariff for many years, and if we demand tariff rate it will simply go elsewhere, say to Baltimore or Boston. The introduction of such a plank is very unfortunate for the future of the association, as if certain of the companies whose interests are affected adhere strictly to this rule it will eventually force them to withdraw. The local boards generally throughout the country have not, to my knowledge, ever attempted to regulate the operations of their members so far as territory outside of their jurisdiction is concerned.

"They no doubt realize that it is not feasible. So long as the Chicago, St. Louis and other boards can exist without this legislation it is strange that the New York association cannot. The organization in this city which recently disrupted lasted seven years without trouble from the outside risk feature, and the new association, if formed, could do the same. I understand that a limit to commission on outside business is desired in order to prevent anything in the way of a continuation of the deals by which more than fifteen per cent was indirectly paid on tariff rated business in New York. To the best of our knowledge there was not a single instance where a company not doing a general agency business was thought guilty of any such practices. These operations were confined almost exclusively to the companies doing a general business. The companies which in the past took advantage of certain business not being rated are now so tied up with agents that they cannot repeat the plan."

Mr. Hutchins is right as to the ten per cent commission suggestion. An agency company will pay its agent twenty-five, fifteen or twenty per cent for business at tariff rate say in Pittsburgh—while a New York company doing business over the counter, it is suggested, must not pay more than ten per cent—and of course it won't get the business.

But he forgets that the agency company has its agency expenses that his company does not have, and while I would not venture to say how much these take up of the rate, it is plain that the commission of the New York companies must be restricted if the two classes of companies are to work fairly together.

Mr. Hutchins is wrong as to regulations of local boards of outside business. He will find that the majority of local boards have such regulations.

It is much more important that New York should have them. The majority of companies have their head offices here—here there are more non-agency companies than elsewhere; it is New York that other local boards are afraid of—it is not Chicago against St. Louis, nor Boston against Baltimore, it is New York against all other boards.

The companies are here, and the country is at their mercy.

The practices that have grown up in the business in this city, partly owing to the brokers and their care of their clients' interests, partly to the weakness and ignorance of officers of some of the companies—the abuses that have followed the payment of extravagantly high commissions—the loose methods allowed to grow up by companies in the matter of collections of balances, and other practices that have grown up because of an indefinite sort of impression that in some way the agent here has harder work, has more difficult work and requires more indulgencies than his country neighbor, and that the local companies have some sort of "divine right" and are infinitely superior to those of other cities, and wrong becomes right when perpetrated by them, has fostered a wholesome contempt on the part of the outsider for the general conduct of the New York fire insurance business.

The feelings of an agent in a country town, whose income perhaps is made a living and comfortable one by his share of the control of the insurance of one or two manufacturing firms in his town, will not be of the pleasantest should he learn that the rich and large companies in his office have patched up a temporary peace at home by acquiescing in the theft of his business and reduction of his income by an otherwise troublesome neighbor.

3. *The question of branch offices, salary or commission.* This is not a difficult question to deal with, and will probably be arranged. There is no principle involved.

These are some of the difficulties the committee has to meet. But there are others. In the office of a Pine street company, that does a little over a million a year in premiums, the manager remarked the other day that "his company had never been very aggressive in the matter of commissions; that he positively refused to pay more than 25 per cent for his New York business, so that he got very little of it." Now, when the break comes, he finds that really he is not much interested in the matter—such and such companies (naming them) had chosen to "buy" the New York business. These companies now found themselves compelled to protect their business, and to add to it even at the present rates, looking to better times in the immediate future. "Now," remarked this manager, "why should I, having been robbed of a chance to get New York business by what I consider unfair practices, why should I trouble myself about the formation of a board to help those who have done this to me?" And it is fair to say that he is one of quite a number who feel that way.

I mention these matters to show you the condition of things here, and to show the kind of difficulty the compact committee is meeting.

Chairman W. N. Kremer tells me that the committee is working harmoniously, and that he has no doubt whatever but that a tariff will soon be formed and set to work.

STREET AND OFFICE GOSSIP.

We have to smile at what one of my Pine street friends (he being out of it) calls the "Andrew J. Daly Benefit Association." As the adjuster of the Phœnix of London was leaving the Daly home at 209 Seventh avenue, Brooklyn, the other day, he was accosted by the adjuster of the Norwich Union with:

"Hello, Bob, what are you doing here?

Oh, I have been adjusting a little loss in that house.

What was burned?

Only a pair of curtains, a parlor carpet, a dress suit, and an upholstered chair.

What was the man's name?

Andrew Daly, and I settled him for $125.

Why, last June the same man had a fire, and the same articles were damaged, and I paid him $90!"

Of course notes were compared and inquiries were instituted, and it turned out that said Daly had been levying a kind of monthly tax

on the companies. The same articles were produced after every alleged fire. "Child playing with matches" in every case being the alleged cause of the fire.

Inquiries so far show that the following companies have paid the following amounts ("doctors" differ, it appears, in their opinions of the value of the same damaged goods): Merchants' of Newark, April 14, paid $73; Royal of England, May 5, $90; Norwich Union, June 16, $85; German-American of New York, July 4, $93; Germania of New York, July 17, $80.45; Home of New York, August 15, $65.55; Liverpool, London & Globe, August 21, $97; Continental of New York, August 29, $100; London & Lancashire, September 4, $80; Williamsburgh City, September 21, $110; Phœnix of London, October 6, $125.

There is quite a difference between $65.55 (Home) and $125 (Phœnix). Of course Daly knew something of the methods of the companies—was either very fortunate or very clever in his selection so as not to meet the same adjuster twice. He is bound to come to grief who plays Daly's game too often in one city, though there does not seem to be any reason why he should not make a comfortable tour of the United States by selecting at intervals cities in charge of different adjusters. There is no system of registration to prevent the recurrence of such swindles. Daly was held by Judge Hurd at the Brooklyn County court for trial on the 15th of November on $1500 bail.

This case calls to mind that of a somewhat noted fire-bug (he lately left Trenton jail) who, by rather bolder tactics, succeeded in getting between $50,000 and $60,000 from fire insurance companies, and was caught in an attempt to collect $25,000 for building he burned near Rahway, N. J.

The companies are not careful enough or, rather, have no complete system of registration of fires that they can depend upon to help them to detect these men.

As a matter of fact, in the latter case, the gentleman after he left jail succeeded in placing a policy for $2500 with one of the companies, which paid the full amount of its policy ($2500) to put him there, some six years ago, owing probably to some change of officers who examined the daily reports.

Alexander Duncan, of Edinburgh, Scotland, manager of the Scottish Union and National, left for home on Saturday, the 12th, after inspection of the agency field here.

Capital still thinks fire insurance stocks good investments.

The Victorial-Montreal Fire Insurance Company (Montreal), and the United American Fire Insurance Company of Milwaukee expect soon to begin work. A.

LETTER FROM ATLANTA.

It would seem that Colonel Young, who has for some time past given the reading public the benefit of his sparkling wit, humor, and eloquence in the columns of the *Insurance Herald*, has at last let his sentiment get the best of him, and in a "bashful" way gives the Southeastern Tariff Association a lick or two. The outcome of his article on the fire situation, published in the *Herald* a few weeks ago, has brought out several articles of criticism, among which was one by former president of the Association, Hon. S. Y. Tupper. However, the colonel with his usual ability with his pen has come back at Mr. Tupper in a spicy way, and the battle is still on. Now, say what you please, Colonel Young has hit the situation right on the head, and you can mark it that the time is not far off when his predictions will come to light and blaze out as a sad reality. There is no use talking, the excessive high rates in the Southern States, and the high-handed manner in which overhead writing has been indulged in, are not calculated to help the Association one bit. The colonel is in position to know what he is talking about. He is in the field and can see the way things really are. The idea of any one even hinting at him as being a traitor to the Association is ridiculous. On the other hand he has been one of the most ardent supporters the Association has ever had. It is not he who has done most of the talking for salary, but it can be said without a question of a doubt that Colonel Young has been of great value and aid to the Tariff Association in the Southern States. He has not only backed it with his dealings in his insurance career, but he has by his gifted pen assisted its cause with a noble hand. Just because he sees danger in sight, and warns the members of the Association of its approach, is no reason that these dangers do not exist and that he is a "traitor." But there is no use of any one like ourselves espousing his cause; he has the ability to take care of himself, and has not failed to do so thus far in this controversy. Anybody who wishes to tackle him, and who will come out "in the open," will find one of the warmest receptions they have ever looked for. He has the facts and the material to back him. There is danger ahead, and no one knows it better than the members of the Association. There is no better or more worthy institution in existence to-day than the Southeastern Tariff Association. But there is a way to get the good therefrom. Certainly excessive rates and overhead writing is not calculated to bring either the insurer or the agent in a harmonious touch with the Association. It has been the pleasure of the writer in the past to always stand to the backing of the Association, in his humble way, but, gentlemen, when strong and solid institutions are coming right in our midst and writing business for twenty per cent less than your regular tariff rates, there is a question at issue. The people's interests are involved. The agents' interests are involved. If these companies can make money on a twenty per cent decrease in tariff rates, what is the matter with Association companies? This is the cause of all this State legislation pointed towards the Association, and the sooner the remedy the better for the Association. Southern insurers are certainly not going to continue to pay for the small premium receipts received from New York risks. No, never. Colonel Young has touched a key-note. The Association's good welfare in the future is the issue.

The Georgia State Legislature has been called to order, and many bills have been introduced since the first day's session, but there has been a conspicuous absence of any insurance bills, not one up to this time having been introduced. But when the ball once gets to rolling you can look out for them. Georgia legislators are a peculiar set of people any way when it comes to the insurance business. They think it is their duty to introduce no less than fifty bills relating to the insurance business at each session, no matter what kind of bills just so they are hitting at insurance companies. And some of them are "dandies." We have at the present time some members noted in the past for their insurance legislation. The "fur" will soon begin to fly, and by the way, that Insurance Bill, directed at the Tariff Association, will perhaps make its appearance soon. Some warm times will be had when it does come up. At any rate the Upper House of the Assembly has done one good thing since it was first called to order. It has elected clever "Charley" Northern, who is a special for The Equitable, as Secretary of the Senate, and a more popular secretary never acted in that capacity before.

Poor unfortunate Macon. Macon, which is noted for its "howling" for lower fire rates, is surely unfortunate. Just about the time when everything is getting in trim for them to get lower rates, a big fire looms up in Macon destroying many thousand dollars worth of property, and the people fall back again on the same old rates as before—satisfied for a while. But recently it did look as if they would get a deserved reduction in rates in that place, when the large wholesale drug house of Lamar & Sons burned up, loss $80,000. A week or two or more later the large cracker manufacturing house of Winn-Johson & Co., and several other buildings were burned, loss over $100,000, and now during last week another fire amounting to a loss of about $30,000 occurred there, and rates will stand where they were before. Can any one imagine of such hard luck? And yet with all this no one can doubt but that the rates in that city are excessive. Perhaps if the Association would reduce them, these large fires would stop. These people have to get even some way.

Mr. James T. Prince, who is known to the insurance public of this State as one of the "Hustlers" in his line, has changed from the Special Southern Agent of The Travelers' (in its Accident Department) and taken charge of the Southeastern Department of The Manhattan Life. Mr. Prince has the ability to write as much insurance as any man in Georgia, and this is saying much. His record with The Travelers' has been phenomenal and every one is predicting an immense business in his new agency.

Mr. Sol. Bloodworth, who is with The Southern Insurance Agency, and a popular, good fellow he is, too, was married during the past week to Miss Ellen Norfleet, of Holly Springs, Miss. Mr. Bloodworth's headquarters have been in Birmingham, but will in the future be in Atlanta after November 1st.

A fire occurred in the city of Opelika, Ala., during the past week destroying $20,000 worth of property, little of which was covered by insurance.

Quite a sensation in insurance circles occurred in Worth county, Georgia, during the past few weeks, at which time Dr. Hugh Wilson, a physician of much prominence, and also postmaster at Sylvester, Ga., a justice of peace, and a man named J. H. Ramsauer, were the

main participants. It seems that "Ramsauer," who was the agent for the Penn Mutual, the New York Life, and the Mutual Benefit, and Dr. Wilson and a man named Patterson (justice of peace) got up an idea to rob the insurance companies that "Ramsauer" was agent for. "Ramsauer" would write a policy on the life of a certain man who was almost dead with consumption, and Wilson, who was the examiner for these companies, would pass on the risk, and when proofs were sent out for death claim the justice of peace would do the thing up "brown." The man died according to appointment, and proofs were sent out also. But the insurance companies sent inspectors on the scene, the outcome of which all are in jail (I mean the doctor, agent and justice of peace). The peculiar part of the transaction, Mrs. Wilson, the wife of the doctor, was the beneficiary named under the policies. All parties to the transaction will be vigorously prosecuted by the companies at issue, and all three will probably be sent to the penitentiary, where they belong.

The charming city of Columbus, Ga., is having something of a sensation in political and insurance circles all by itself. It seems that the city had several school buildings on which it desired fire insurance. There was some controversy as to where the insurance was to be placed, and in the meantime Alderman Wilson, who is chairman of the insurance committee of that city, quietly went out and placed all the insurance that was necessary, much to the discomfort of some other members of that auspicious body. This nettled the members of the committee in question, and a meeting was called at which time it was decided to advertise for bids on the insurance, which was done. A report was made by the members who had the advertising in charge, and a minority report was brought in by Alderman Wilson. The latter gentleman, however, was out-voted, and his insurance policies will perhaps now be cancelled. Columbus was not satisfied with its little rate-war scare; it had to get up a sensation its own different from all the other cities in Georgia, who have themselves had some little rate-war talk.

The Farmers' Mutual Fire Insurance Association of Walton county, Georgia, met in the clerk's office of the court-house in Monroe, Ga., during the past week, when a report was made as to the finances of this large and progressive company. It was found that the treasurer had on hand the huge sum of $22.32, and that he had collected $172.44, making a sum total of $194.44, and that he had paid out in assessments and treasurer's fees the sum of $241.60, leaving an indebtedness of $48.71. An assessment was immediately ordered of "one mill," which they claimed would be sufficient for all debts and also leave a balance in the treasurer's hands. My, my, suppose Georgia had a few more companies like this, it could well be termed the Insurance State of the South. Why, this company would not qualify in the "Roller-Top Desk" companies, five of which failed during the year 1897. Upon looking over the books of these companies the receiver found that each had a roller-top desk, the title of which was in the name of some unknown person, and the only available assets found were a waste-basket and a broom. A general sweeping was ordered immediately by the receiver. Five tombstones mark their graves in the insurance cemetery of the State. Epitaphs—Born illegitimate, nourished with nerve tonic, died from starvation.

The Atlanta Insurance Journal *Flash-Lights* has been made a semi-monthly, and comes out this week in new clothes with lots of good reading inside. This is now the only insurance journal published in Atlanta, and deserves to succeed, as it no doubt will.

X. Y. Z.

ACETYLENE AS AN ILLUMINANT.

By Alfred R. L. Dohme, Ph. D.

Illumination is the combustion of carbon and hydrogen, which, when burning, heat unburned carbon particles to white heat. The poorer a gas is in carbon the more of it must be used to effect the same illumination, and, *vice versa*, the richer a gas is in carbon the less of it must similarly be used. Illumination is measured by candle-power, one candle-power being the amount of light produced by the burning of a standard candle, *i. e.* a candle made of sperm, weighing six to the pound, and losing in weight by burning to the extent of 120 grains an hour. A standard gas burner is one that emits 16 candle-power of light, *i. e.* as much as 16 standard candles, and to do this consumes 5 cubic feet an hour of coal gas. The cost of coal gas is about 25 cents per thousand cubic feet. The desirable qualifications of a flame are: 1. High candle-power; 2. Products of combustion few and innocuous, and 3. Temperature of the flame as low as possible. The desirable qualifications of an illuminating gas are that it shall: 1. Produce a desirable flame as just outlined; 2. That it shall be cheaper per candle-power of light than any existing illuminating gas; 3. That it can easily be made and transported, and 4. That it shall be safe and not be explosive when mixed with air, nor be poisonous when inhaled into the lungs. Does acetylene fill all these requirements? Let the facts in the case answer for themselves. Acetylene gas is a so-called fixed gas, *i. e.* a single gas and not a mixture of several gases, while coal gas is a mixture of several gases, viz. hydrogen, 50 per cent; methane, 33 per cent; carbon monoxide, 13 per cent; heavy hydrocarbons, 4 per cent, and enriched water gas as now generally used and delivered by the city gas companies contains hydrogen, 36 per cent; methane, 23 per cent; carbon monoxide, 19 per cent; heavy hydrocarbons, 14 per cent; nitrogen, 3 per cent; carbon dioxide, 3 per cent, and oxygen 1 per cent. As the poisonous constituent of illuminating gas is carbon monoxide we note that the enriched water gas is more poisonous than ordinary coal gas. Acetylene in this respect is not as dangerous as coal gas as it is not poisonous to the same extent, but it has an unpleasant feature in that it possesses a disagreeable smell and nauseating effect upon the human body. It smells like garlic. The odor is, however, due to impurities resulting from process of manufacture, as chemically pure acetylene gas has not an unpleasant odor. It has besides the advantage over coal gas of waking the sleeper by upsetting his stomach and inducing vomiting. In this way persons who blow out the light and die, if coal gas is in the pipes, do not have the same chance if acetylene is served to them as an illuminant, for before enough has been breathed to destroy all their blood by precipitating the hemoglobin their stomachs go back on them and require their presence on the floor. When they smell the garlic odor they naturally leave the room and get out of danger.

Acetylene was first made by Sir Humphrey Davy in 1837, and again in 1862 by Woehler, and first studied in 1859 by Berthelot. It is easily liquefied at 100 atmospheres pressure, and under 50 atmospheres pressure at the freezing point of water. Its formula is C_2H_2, and it consists of 12/13 carbon and 1/13 hydrogen. Commercially it was brought to public notice by Willson's work a few years since. He fused together Pocahontas coal dust and lime in an electrical furnace and thereby formed the compound calcium carbide CaC_2. This can be made for about $20 per ton, and when this is thrown into water it decomposes instantly, and acetylene gas is liberated while slaked lime is precipitated. It is generated so very readily that by liberating it in a cooled, closed and mechanically strong receiver it becomes liquid and may be collected as a liquid at the other end of the apparatus. It can either be delivered in the liquid form, in strong cylinders, to private houses, and then with a reducing valve be merely supplied into the gas pipes, or it can be generated as wanted in some of the many apparatus recently devised and patented for that purpose. It has about thirteen times the candle-power of coal gas, *i. e.* one thousand cubic feet of acetylene yield the same amount of candle-power as thirteen thousand cubic feet of coal gas. It requires a special gas burner, one with a much smaller aperture and which hence burns less. A correct acetylene burner burns one cubic foot an hour, and thereby yields as much light as three coal gas standard burners burning each eight cubic feet an hour. Estimating the cost of carbide of calcium at $20 per ton, which yields about ten thousand cubic feet of acetylene, the cost of acetylene would be about fifteen and a half cents per thousand cubic feet of 16 candle-power lighting capacity. If carbide can be made cheaper, which is more than probable, of course the cost of the acetylene will be correspondingly reduced. The United States is estimated to consume annually 3,300,000,000 cubic feet of coal gas. To produce as much acetylene as would yield the equivalent of this in candle-power would require 300,000 tons of calcium carbide, and the Niagara Falls carbide plant can turn this out alone, most probably. Acetylene flames will very easily soot, *i. e.* there will be incomplete oxidation, and carbon in the form of soot will be liberated in the room, and to prevent it the pressure must be maintained and the aperture not enlarged even in the slightest. The color of the flame is pure white, slightly blue white, though not as much so as the Welsbach light, and a candle or electric light or gas flame looks yellow and reddish when put alongside of it. It is too strong for the human eye and must be reduced in glare by the use of opalescent or ground glass. It does not vitiate the atmosphere of the room as much as a coal gas flame, inasmuch as for the same candle-power product acetylene produces two parts of carbon dioxide, while coal gas produces thirteen. Furthermore, it consumes less oxygen in this process and hence vitiates the air less in both respects. The temperature of the acetylene flame is much less

than that of the coal gas flame and it will heat a room much less in consequence. It is, however, more explosive than coal gas inasmuch as less of it with the same amount of air will explode when ignited. Lothar Meyer and Professor Clowes have both testified as to its explosive nature, although it is, of course, not near as explosive as many other gases. When not mixed with air it is not explosive and liquid acetylene is hence probably safer than acetylene generators in houses, for these are apt to have air in them, while cylinders of liquid acetylene cannot. Only one type of generator, also, is safe, as Professor Lewes has shown, and that is the one in which the carbide is dropped into an excess of water, for here no overheating of the generator can take place, while in all others it can, and when it does the generator is liable to explode. Whereas acetylene can be burned with safety in the household, it is undoubtedly more explosive and less safe than coal gas as far as explosibility is concerned. Hence, as answer to our query, we have from the facts cited, 1. That acetylene produces the most desirable flame; 2. Acetylene is cheaper per candle-power than coal gas or other illuminants; 3. Acetylene can be very easily made, and is easily transported, at the same time doing away with gas pipes in the street; 4. Acetylene is more explosive than coal gas but much less poisonous. The main objection to its introduction thus far has been the burner, which has not yet been perfected. It is not as easy to light, and will hence not as easily produce a fire by leakage or the promiscuous use of matches, as will coal gas, and the fire risk should not hence be any greater, if as great although the explosibility is greater, and this may of course generate a fire at the same time.

THE EQUITABLE LIFE OF NEW YORK.

Vice-President Jas. W. Alexander has sent the following announcement, under date of November 2nd, to its managers and agents of the following changes in the officers of the company. He says:

"At the meeting of the board of directors held to-day, several important changes in the executive staff of the Society were made.

The death of our actuary, Mr. George W. Phillips, left vacant the office which he had held from the organization of the Society. This has been filled by the election of Mr. Joel G. Van Cise, who has for many years been the first assistant actuary. Mr. Robert G. Hann, formerly second assistant actuary, has been appointed assistant actuary. These gentlemen, who have been long in the service of the Society, are about to review all of its affairs relating to mortality experience and the other branches of actuarial work. We expect good results from this review—results which will be appreciated by our agents in the efficiency of our service and the adaptation of methods to popular needs.

Mr. Louis Fitzgerald has found the duties of his office as president of the Mercantile Trust Company so absorbing that he has resigned from the Society's staff of officers, and Mr. James H. Hyde has been elected second vice-president. By this step the directors have introduced into the composition of the Equitable Society a fresh infusion of the blood which has contributed so much to its vitality from the start. Mr. Henry B. Hyde was the founder of the Equitable at very nearly the same age at which his son enters its service as the assistant of those who have grown up with the Society under the inspiration of the father. The executive officers of the Society are unanimous in regarding this addition to their strength as most appropriate and as furnishing a further guarantee that the high principles, both of business and morality, which have guided the institution thus far during its successful career will continue to be sacredly upheld.

Our medical department is undergoing re-organization with a view to more prompt and, if possible, more efficient service, especially looking to the accommodation of our agents without detriment to scientific principles.

First in importance, and requiring skill and experience of the highest order, so that the pre-eminence of the Equitable may be maintained and its volume of business—the foundation of the whole enterprise—strengthened and enlarged, is the agency system of the institution. It is this which has established throughout the civilized globe, with all its ramifying machinery, an army of tried men, ever improving and increasing, and it is this which furnishes the funds wherewith to carry on our beneficent work. Mr. Gage E. Tarbell, the third vice-president, and Mr. George T. Wilson, the fourth vice-president, will continue to have under their direction the entire agency corps of the Society throughout the world.

With the old leaders, therefore, at the helm, with younger officers constantly increasing in efficiency and usefulness, and with renewed zeal and determination, we undertake the work of the closing months of another year in a spirit, and under conditions, which should fill every one of you with pride and satisfaction."

MEDICAL DEPARTMENT.

THE MEDICAL EXAMINER.

The medical examiner in life assurance has a fairly high opinion of his own importance, and, on the whole, very rightly so. From time to time statistics are published showing the low mortality among total abstainers as compared with that of non-abstainers; and whatever else these figures may be supposed to prove, they do show that there is a very considerable difference in the death-rate of various classes of individuals. With the steady fall in the average rate of interest to be obtained on first-class securities, and the great difficulty experienced in reducing expenditure to any appreciable extent, the question of a favorable or unfavorable mortality experience is assuming greater importance than at perhaps any previous period. The medical examiner has this matter largely in his own hands, and although there is a tendency in some quarters to depreciate the value of his services, we question whether there was ever a time when they were so valuable. Possibly a huge company like the Prudential could theoretically dispense with the medical examiner altogether, but practically it could not. Assuming that the value of medical selection only extends over five years, and that the business of the Prudential, say, is large enough to establish a safe average, permitting medical examination to be dispensed with, it has then to be remembered that the business of other companies is not large enough for this to be done; if, for the sake of argument, one large company like the Prudential, or one of the American offices, were to drop the medical examination altogether, it would at once become a regular Adullam's Cave to which all the bad lives would resort. No office could stand for long such a selection against it. One of our American contemporaries suggests that it would be interesting if life assurance offices would compile and publish a record of the surcharged lives, evidently with the idea that such a record would show that a large proportion of the "second-class" lives lived to a good old age. If this were shown to be the case, there is no great argument to be derived from it. If a man is told by his doctor that he has a tendency to heart disease, that man will scarcely make it the object of his life to break cycling or pedestrian records. Naturally he will take care of himself, while the man who has a first-class certificate of health and strength given him is too apt to presume on it and take liberties with his constitution. There is a paper published in New York entitled the *Medical Examiner*, and devoted to the discussion of medical questions from a life assurance standpoint. It is contributed to by Dr. Glover Lyon, and other British medical examiners of similar eminence, and ought to be in the hands of every doctor in this country who examines applicants for life assurance. One of the questions it has recently raised is that of the privacy of the medical examiner's report. Speaking from our own experience, there is no doubt that in many cases life assurance agents in this country see the medical examiner's report before it it is forwarded to the company. A very little reflection will show that this ought not to be the case, though we do not for a moment imply that there is necessarily anything wrong in the agent seeing the medical report. But taking the whole series of documents necessary to be filled up before a life assurance policy is issued, there is not one that ought to be more strictly private and confidential than the medical examiner's report. In fairness to the proposer, the medical examiner has no right to let an agent know the contents of his report; it is, in one sense, a concession on the part of a man to submit himself for examination by a doctor other than his own, and he is entitled to expect that the results of such an examination will be treated confidentially. Of course, taking the other side of the case, the agent is an interested party, whose one object is to first get a proposal and then get it accepted. It is asking too much of an agent that he should lay stress on defects of family history or personal deficiencies; what he will do in the majority of cases, if he has the chance, is to minimize the importance of these to the examining doctor. We are very far indeed from suggesting that there might at times be something in the nature of an understanding between agent and doctor, for if such a thing did occur it could not be prevented by any head office regulations. The *Medical Examiner* says on this point: "Again, from the standpoint of the examiner, there are many other reasons why the agent should never know the contents of the examination blank after it has passed through the doctor's hands. Agents, like other business men, are in the business not for their health but for the purpose of making money, and, like other business men, their stand-

ard of honor differs somewhat from that to which physicians are accustomed to adhere. An agent will often criticise an examination, asking that more stress be laid upon this point and less be said about that, to the end that the risk be accepted, whether good or not. Many agents take personal offense if an examiner asks any questions or makes any tests not set down in the blank, and cannot understand why he should take the trouble in some cases to do more than to perfunctorily follow the printed questions. This feeling on the part of the agent is intensified if the extra test or further questioning brings out facts which result in the rejection of the risk. Agents are but human, and it is no wonder that they feel disgruntled at the loss of a fat premium, and are unable to take the philosophical view of a rejection which is possible to the examiner and the medical director whose emoluments are secure in any event." Naturally the medical examiner wishes to be on good terms with the agent, as of course he wishes to get all the business possible; and an agent who has an objection to a doctor, either from his being too "strict" or "severe," or from any other reason, can find means to prevent proposers being examined by him. There cannot be too much rigidity in this matter, and it is to the interest of all that the medical examiner should be not only asked, but compelled to preserve secrecy with regard to his reports. Possibly this secrecy is not so religiously maintained as the companies interested at present imagine.—*Insurance Observer, London.*

ATTENDING PHYSICIAN ALONE PROHIBITED.—The Pennsylvania act of June 18, 1895, is in the following words: "That no person authorized to practice physics or surgery shall be allowed, in any civil case, to disclose any information which he acquired in attending a patient in a professional capacity, and which was necessary to enable him to act in that capacity, which shall tend to blacken the character of the patient, without his consent." It will be seen at once says the Supreme Court of Pennsylvania, in Wells *vs.* the New England Mutual Life Insurance Company, July 21, 1896, that the act establishes a personal incapacity only. It is the physician attending a patient who is prohibited from testifying to information acquired while rendering professional service. He is prohibited by the words, "no person authorized," etc., "shall be allowed to disclose any information," etc. No other person who, being present at the time when the information was communicated, heard the same, would be prevented by this act from testifying himself to the very matter in question. It is only the physician himself who is prohibited, and that is manifestly on account of the professional relation between himself and his patient. Where a physician was examined as a witness, and his deposition taken, at a time anterior to the passage of the above act, and at that time he was perfectly competent to testify to the matter in question, but subsequently, and before the trial in court died, and the act above quoted was passed, the court holds that it was error to rule out the deposition because of the incompetency of the witness at the time of the trial if he had been living.

NOTICES.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. McCLELLAN, PUBLISHER.

POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, DECEMBER 5, 1898.

THE RISK IN FIRE INSURANCE.

The ebb and flow of profit in fire insurance shows most conclusively that it is not a business which can be carried on successfully in the iron-bound fetters of legal requirement. In England where no legal standard exists, where each company is a law unto itself, and may roam the world over in search of paying risks, the fluctuations of profit have been equally as variable as in this country where the State undertakes to say to the companies: "Thus far and no farther shall thou go." The *Review*, of London, for October 26th last, shows that in seven English companies the losses and expenses combined were more than 100 per cent of the premiums received. In the Guardian they reached 104 per cent; in the Hand and Hand they were close to 103.5 per cent; the Lion had 102 per cent; the National of Ireland, 101.4 per cent; but the Ecclesiastical of Scotland capped the climax with 132.7 per cent, while the Empress was a close second with 117.7 per cent.

We never do worse than that in this country, and when a company here goes so far towards the bad, it is a presumption of State supervision that the time has come to finish that company up, and proceeds to appoint a receiver who does most effectually finish it. But in England the company is left to find:

"The tools of working out salvation
By mere mechanic operation"

of doing better in the next years. In the case of the English companies above mentioned they have perhaps frequently, in their long history, had equally unprofitable experiences, which they have lived through. But no such hope confronts American companies. In this country, the profits of receiverships are so great that they inspire an intense solicitude for the welfare of the insured, which proceeds quickly to the bankruptcy of the insurer. What would State supervision do with a fire company in this country which, like the Commercial of Ireland, had a ratio of 376.4 losses and expenses to premiums received? And yet the *Review* contemplates these untoward experiences without spasms, and in a way which contemplates the future without apprehension. "This is naturally to be expected in a business like fire insurance, where, notwithstanding the vicissitudes of international commerce, the insured is always indemnified in case of loss, and the fire company is always able and ready to pay."

But the *Review* adds, by way of caution, that "the results accomplished by some of the more successful offices often tempt promoters to try new ventures, but the records of many offices for many years offer equally significant warnings."

That English experience ought also to teach State supervision that so long as there is life in a company there is hope of recuperation, and years of good luck will certainly come to readjust the average, if only time is allowed for the working of that universal law.

THE "HARA-KIRI" OF COMPETITION.

The indictment by a Kentucky grand jury of 53 insurance companies, upon the charge that they have formed an unlawful pool to prevent free competition among themselves, is a quick response to the ruling of the United States Supreme Court that a "War of Competition" among public corporations was the indefeasible right of the people. The fight against free competition is now open, and must be fought out in the best interest alike of the public and of the companies. Free competition which demands that the companies shall adopt only those rates to which they can be beat down by the public, irrespective of their disastrous effect on the companies, may be fatal to every safe and honorably conducted insurance company. There will always be a large number of companies more intent on their present revenue than on any security of the future indemnity which they may sell, and such which will accept risks at any rates, and to such the business will drift until disaster sounds alike the loss to the insured and the injury to safe insurance companies.

The demand for free competition had its foundation in the days of monopolies, and hearkening to that demand the English Statute of Monopolies was passed in 1623. But it was leveled at monopolies granted by the sovereign in supplies and necessaries of life, grown, imported or manufactured; and the monopoly was in every case confined to the necessaries of life. But insurance is not a necessary of life however indispensable it may be to the prudent conduct of business. It is a business precaution—a wise and prudent precaution—but at the same time purely voluntary—every individual being free to be his own insurer, and to do without the company. The value of that precaution is measured by the price of the indemnity. Of the value the insured is the sole judge, and of the price no one can be a proper judge but the seller. There can be neither "engrossers" nor "purveyors" in the insurance business, nor is monopoly possible.

The meaning of the Greek term from which our word *monopoly* comes is "*exclusive sale*," but it is preposterous to contend that there can be any exclusive sale of insurance by hundreds of companies or that any combination of these companies can secure to itself the exclusive sale of insurance anywhere in this country.

The attempt to force insurance into submission to free competition is an effort to subject a business, which is outside of all economic laws, to obedience to such laws. Insurance is neither production nor consumption—it has no cost of production, and cannot be controlled by the laws of supply and demand; it knows nothing of raw material; nor of the wages of labor. It is simply an exploitation of capital, without intermediary agencies, in an effort to obtain a reasonable return for the risk at which it is placed. Hence the law of competition may be said to be a demand on capital to deliberately commit suicide. *Hara-kiri* is not an American institution, and American insurance companies cannot be expected to let out their bowels at the demand of the insured. Nor could an equal and just *Hara-Kiri* of competition be applied to the companies, because the internal conditions of their bowels are different in many respects. Their "experiences" are by no means the same. In some, there exists a chronic condition of constipation, in others an habitual tendency to laxativeness, in all an aversion to being bled to death for the benefit of other people.

The Supreme Court was correct in its designation "A War of Competition," and applied to insurance companies it is "war" and nothing less than war—and "war is hell." What possible good is to be expected from turning the insurance world upside down, and letting "hell loose" among the companies, can neither be explained nor justified. Peace on earth and good-will towards all men is the natural purpose and intent of insurance—for that and a reasonable dividend the companies live and move and have their being; and the dividend is a necessary and indispensable condition to the benevolence of the indemnity. Render, therefore, unto Cæsar the things that be Cæsar's by letting the companies obtain the reasonable dividend to which reasonable rates entitled them, and their interests will see that the lowest rate of premium which secures the dividend will obtain with the public, for less than that rate would be ruin, and more than that rate would be temporary and unprofitable.

PENDING PROBLEMS.

There are many pending problems connected with the vast insurance business of this country which are quite as important to the public interests as they are to the companies themselves. The interdependence which exists between the insured and the insurers cannot be shifted from the former, nor can the latter be legislated and administered into unresisting submission to the demands of the former. The healthful relation of recognized mutual benefit must be maintained, but cannot be continued by a public policy which denies to the insurers the right to manage their business in such a manner as shall secure to the companies that remuneration which the risk incurred by capital is entitled to have. The fact that there are so many insurance companies seeking business has created the impression that no matter what are the restrictions imposed by the State there will remain enough companies who will continue the business however discouraging the prospects of reasonable profit may be. But as Emerson said: "There is that ancient doctrine of *Nemesis* which keeps watch in the universe and lets no offense go unchastised." So there is in every business a retributive justice which follows every departure from sound principles. Nor will that consequence fail to pursue the business of insurance when it is conducted on rates inadequate to secure that return to which its capital is entitled. The public may for awhile find companies ready to write risks at inadequate rate, but the time will come when such companies will not be found capable of meeting their losses. Then the public will discover the error of its legislation, but that will be when losses are unpaid, as must be inevitable when the companies have not received the premiums adequate to the risk.

This principle is well understood by the companies, but unfortunately the State's legislation—such as valued policy laws, anti-trust laws, discriminatory taxation, and the hurtful administration of State supervision—leaves but one alternative, that of failure or that of withdrawal. Either is as ruinous to the public as to the companies.

All indemnity in fire insurance and all returns to policyholders in any branch of the business rests not on the capital but on the premiums paid. The capital is the fund which sustains the company until the premiums are able to pay the losses—but the capital will not be, and ought not to be consumed in paying losses. That is not its purpose, and if that was understood to be its purpose there would not be risked one dollar in fire insurance. Capital is a guarantee and not an indemnity fund. It stands pledged to help premiums in times of difficulty, but with the expectation that the premiums will be adequate to meet the loss when it occurs, and to return to capital any part used in meeting losses.

It must be evident that such a business ought not to be made amenable to laws enacted to meet the combination of sugar refineries, the consolidation of the Standard Oil Company, and watered railroad stocks. There have never arisen in any of the branches of insurance conditions in any respect similar to those which excited the public animosity against the Sugar and Oil Trusts and the exactions of railroads to make dividend returns on watered stock. Whatever justification there may be in the public's effort to counteract and prevent by legislation, combinations and consolidations by corporations of the character mentioned above, there has not arisen in any State conditions which warrant the subjection of insurance corporations to such laws. The anti-trust laws of the States in regard to insurance companies never had the sanction of any public demand. They have been, in every case, prompted by individual disappointment in the settling of losses, and persons disgruntled by not recovering as much as they needed have been able to divert legislation from its proper sphere of protection to that of injury and destruction. The problem is now how to get the States back to their proper sphere of real protection and to recognize that the insurance business can never be combined or consolidated, nor even control the risks over which individuals have absolute direction. When the legislature of a State is made to comprehend that insurance rates are dependent upon experience, resting upon many experiments, and not upon guessing or with the design to mulct the public, that problem will be solved.

NO DISCRIMINATION BY TAXATION.

Among the embarrassments which now agitate insurance circles that of reinsurance of surplus lines in foreign companies which have not complied with the law of any State, is not the least troublesome. While there are very strong reasons which may be urged for and against such reinsurance, the line of argument followed by Commissioner Dearth, in his paper read before the late National Convention, that taxation is the proper remedy, ought not to meet the approval of any insurance official.

Commissioner Dearth finds that management expenses of the foreign companies, per each thousand dollars of insurance written, were $2.13, and in American companies $3.16; and he would equalize that difference in expenses by a "discriminating tax of 7 per cent" on foreign companies. What legitimate reason can be given for the State interfering with the management expenses of either class of companies? And if the right of the State to take a hand in regulating management of expenses is admitted where can the line be drawn? Once admit the right of the State, by taxation, to interfere in management expenses, and the same right will be asserted and exercised by other laws, and in time will fix salaries, commissions and expenses of every kind. Insurance companies, by advocating a discriminating tax against foreign companies invite the interference of the State in their own management expenses, but they can fix no limit to that interference.

Commissioner Dearth is quite positive "that there is no good or valid reason why nearly one-half of the total fire insurance written in the United States .... should have been placed with foreign companies." We will not stop to discover a "valid reason" because the *fact* is that the insurance was placed with those companies *by the insured*, and the State can find no "valid reason" for interfering with the insured's right to make his contract of insurance. The "vast volume of business" placed *by the insured* with foreign companies was in the exercise by the insured of the right to make his selection and his contracts, and that right is as much beyond the province of the State as would be the right to compel the insured to place his risks with domestic companies instead of sending the premiums out of the State.

Commissioner Dearth finds that the annual cost per thousand dollars of insurance on account of tax and fees was 16 cents with the foreign companies and 22 cents with American companies, and adds: "This certainly is not just." Just as certainly the companies are in no way responsible for the operation of taxes and fees. If they fall too heavily on American companies and increase their "annual cost," then *repeal them*, but don't magnify the evil by extending it. The commissioner who discovers such mischievous working of "taxes and fees" and "the retaliatory provisions of the statutes," is morally bound to do all in his power *to repeal*, rather than to extend such iniquitous legislation.

The idea which pervades the mind of Commissioner Dearth is that "equality" can be attained by taxation. He recognizes the impossibility of attaining "equality" by repealing unequal laws, and "that the most proper way to adjust this difference, involving the expense element between foreign fire and American fire insurance companies, would be to relieve the American companies entirely of such taxation."

In that we entirely agree with the Commissioner because it is sensible, reasonable and just, while his proposed increased taxation of foreign companies is neither sensible, reasonable nor just. But the repeal of the unequal taxes the commissioner recognizes as impossible and "believing, therefore, that any proposition to repeal or modify the laws covering this matter of taxes will be impracticable, it would seem that no argument should be necessary to secure the passage of a law imposing an additional rate of taxation upon foreign companies." Was ever such reasoning gravely and deliberately embodied in a paper to be read before intelligent men?

> "I see the right and I approve it, too,
> Condemn the wrong and yet the wrong pursue."

That is his idea of the "simple justice" to which "our home companies are absolutely entitled." Not relief from onerous and burdensome taxation which places American companies at a disadvantage, but an extension and enlargement of the onerous taxation in order that it may bring all companies to a same dead level.

Commissioner Dearth says "that but for our system of department supervision there would have been thousands of dollars lost to the citizens of the United States where there has been one on account of 'wild-cat' and irresponsible adventures." The insurance press has killed more "wild-cats" than State supervision ever shot at. There has never, so far as we are advised, been a "wild-cat" company run to den that the press did not open the cry, and then the departments dug the varment out. The "green goods" pamphlet of "Insurance" broke up more "irresponsible adventures" than all the State departments put together.

If it is a fact that there was $7,818,279,209 of insurance written in foreign companies by whom was it placed there? The American insurer has the right to select the company he prefers and no State can abridge that right. When "our citizens" or the people desire to be rid of the foreign companies the power is in their hands—they have only to stop insuring with those companies. But until the people take that stand, discriminating taxation against foreign companies might involve the violation of treaty provisions and become void.

PASSING COMMENT.

MISS EMILY A. RANSOM, of the "Woman's Department" of *The Standard*, explodes the *canard* about life insurance companies refusing to issue policies to women.

***

WE note the card of A. F. & J. C. Harvey, consulting actuaries, 116 Laclede Building, St. Louis, Mo., in the *Western Insurance Review*, and wish them every success.

***

THE Fidelity and Casualty Company's list of defalcation in the United States for September aggregate $353,379, but in the list of institutions there is no defalcation among insurance companies.

***

WE have an insurance "Roland for an Oliver," in the quick response of the S. E. T.A. to the City Council of Jacksonville, Florida. An advance of ten per cent in rates will more than pay the $100 tax imposed on fifty fire insurance companies. That is fighting the devil with fire, the only way to whip his majesty.

***

THE amount of fun which the insurance press has extracted from the prospect of McNall, Clunie and Payn being relegated to private life is very great. The *Insurance Record* erects a monument to the late lamented "with Hic (?) Jack McNall" for the epitaph. But to hold each of these fellows responsible for the loss of his State in the late election is carrying the fun too far.

***

THE October Treasury Statement estimated that the expenses of the war with Spain would be by July next, $240,000,000; and the war taxes, together with the proceeds of the bond sale, made the total war fund to next July, $325,000,000, leaving a surplus of war revenue over war expenses of $85,000,000. Hence stamp taxes on insurance policies cannot be needed after next July.

***

THE New York *Times* gives good advice to insurance companies when it says:

"It is obvious that every 'Christian Scientist' is a dangerous risk and, if accepted at all, he should pay an extra premium of considerable size. Mutual benefit societies are not justified in accepting the followers of this cult on any terms, and their sane members should insist on the immediate expulsion of such undesirable associates. It should be remembered, too, that the 'Christian Scientist' can and does put in peril even those who reject his blasphemous nonsense without hesitation. Nobody is safe when ignorant fanatics presume to treat—or leave untreated rather—cases of infectious and contagious disease."

***

IT is towards the Internal Revenue Receipts that insurance men turn their attention in matters of federal taxation. It will be gratifying to them to learn that Commissioner Scott reports that the receipts from all sources of that bureau for the fiscal year ending June 30, 1899, will probably reach $270,000,000, as that amount will permit of abandoning the stamps required now in insurance business. While the insurance companies have uncomplainingly complied with the stamp taxation, as soon as it is shown by the revenue returns that such taxation can be abandoned public interests as well as that of the companies demand its repeal.

***

WE accept *The Vindicator's* explanation as well as the disclaimer of intentional allusion to Baltimore companies. But as to our error about 1899 closing the century we have only to say that when our contemporary gets as near to its end as 1899 is to the end of the XIX century it won't care a button about "Ptolemy or Gregory," or any of the calculations of time, nor will it regard it as an "obvious blunder" to be reminded that it is about to close its record. As to companies reinsuring or amalgamating, or getting out of the business, in any way whatever, we would not arrest one, but speed the parting guest, for there are too many in the business.

***

IN our last issue we noted Prof. Crookes' hail to approaching *telepathy* and now we record the actual harnessing of thought by the *reported* invention of a Washington city electrician. The new machine, *it is reported*, catches thought as it flies just as an outfielder grabs the baseball in the air. The arrangement of the new invention is somewhat similar to that of the phonograph. Its two poles are placed in communication with the brain, and then one touch of the button or turn of the crank robs the brain of all its thoughts and reveals the honest or dishonest man, for the tiny, wave-like lines impressed on the cylinder can be read with such accuracy that "the criminal will find his lot a hard one, and it will be impossible to conceal guilty thoughts." The possibilties of such an instrument confirm what we said of telepathy as a preventative to arson and incendiarism, and when the instrument is on sale we advise the purchase of one for each agency, when by setting the poles to the brain of the applicant one may read the moral hazard as one listens to a phonograph. But don't buy in a hurry.

***

THAT Washington city—the capital of the United States—should be the favorite lair of the "Wild-Cat" Insurance Company strikes one as a peculiar example of the fact that supreme power is not always a protection. There, with no legislature to worry honest underwriting, but with Congress apathetic and too busy to look after the small things of honest indemnity for the people, the Washington *Post* estimates:

"That policies aggregating more than $1,000,000 have been written upon property in the District which, if losses were incurred, would prove to be utterly valueless. Such conditions exist because of the lack of suitable laws regulating the practices of insurance companies, and as a result half a dozen or more so-called 'wild-cat' companies are doing a thriving business in Washington. 'The Board of Fire Underwriters,' said Mr. Walter R. Hensey, of the firm of Thomas G. Hensey & Co., yesterday, 'are without authority to prevent these irresponsible companies from writing insurance in the District. The promoters of this nefarious business are in the habit of obtaining from the Legislature of a State a charter to conduct an insurance business, and under authority of this charter they enter Washington and write policies without possessing any capital or having any responsibilities whatever."

***

MANAGER BEDDALL is quoted in the New York *Evening Post* as laying down the following existing conditions, which must be met by the Committee of Fifteen, viz.: "First, the regulation and control of branch offices; second, the prevention of rebates by companies and brokers; third, the observance of the rules and rates of tariffs of other cities by members of the New York Association; fourth, the reinsurance of surplus lines in unauthorized companies." A very comprehensive platform of reform, which it is hoped may be adopted and honestly maintained. There is so much loyalty to the profession of underwriting in the following extract from Manager Beddall's interview, that it is with pleasure reproduced: "For my own company I may say that while we have decided opinions upon these and other points which will come before the committee, we are perfectly willing to submit to any rules which the great majority may desire, and which, by restoring harmony, will place the business on a profitable basis once again." With that olive branch of peace and good will in one hand, Manager Beddall also declares that "on the other hand, we have both the will and the means to continue to run our business in our own way, if need be, for an indefinite period of time." Thus heeled for a fight he yet hopes for peace and harmony, but his honesty of purpose to meet others on the platform of concession cannot be questioned. We don't know what the outcome will be, and we are not prepared to say what it ought to be, but one must recognize that if all managers hold the same loyalty to the business which Mr. Beddall exhibits, agreement ought not to be difficult.

***

THE determination of life insurance agents to effectually suppress the practice of rebating is evidenced by a circular from William M. Scott, chairman of committee appointed by the last National Association of Life Underwriters. The committee of which Mr. Scott is the chairman has obtained from Referee Reid a modification of proceedings before the referee by which regularly organized life associations can take the initiative in the prosecution of an agent charged with rebating, without waiting for the company of the delinquent agent to investigate the charges.

As it was undoubtedly the agents who originally inspired the formation of the Anti-Rebate Compact, and as it was primarily for their interest that the compact appointed a referee, it is proper that the organizations of life insurance agents should have the power to make the objects of the compact possible. The modification of the original rule of proceedings by which the initiative was taken by the company now gives that initiative to the life associations also. Thus with both the company and the life associations watching and empowered to act, the hustling rebater will have a "hard road to travel" in his nefarious work, if such it is.

It is much better to keep this washing of dirty linen within the family close than to spread it before the public in prosecutions under laws of doubtful sanction. To keep insurance matters and insurance agents and their disagreements, as far as possible, out of the courts is the real *raison d'être* of the compact, and any arrangement that confines the trial to the family court is to be commended.

It is a happy faculty to be able to distribute one's compliments equally and justly between "the setting and the rising sun." This *The Policyholder* does most admirably in regard to Mr. Charles George Fothergill, retiring manager of the London and Lancashire Fire Insurance Company, and his successor, Mr. F. W. P. Rutter. Having bid a pleasant farewell to Mr. Fothergill, our London contemporary has this all-hail to the future "Duke of Rutterland":

"Mr. Rutter entered the office of the London and Lancashire as an apprentice in 1873, being then fifteen years old, and rapidly worked his way to the position of head clerk in the foreign department, in which capacity he has visited, in the interests of his company, the whole of Europe, including Constantinople and Athens, and also North and South America. To the outside world Mr. Rutter's promotion may seem to be merely one of those personal changes by which some lucky fellow gets a better berth without any special relation to intellectual qualification. But this is not the case, for the work to be successful—which it is—demands equipments which, in a business sphere at any rate, are of a high order. Unrelaxing discipline, great thoroughness and reliability of habit and character, with an agile intelligence, swift and certain in its sensitive appreciation of every event of the slightest importance to the business of the company, with its far-reaching connections and world-wide constituency—these are the essentials of eminent insurance men. The judgments of insurance men should be formed in the same way as those of statesmen and journalists. The fire insurance business depends on new impressions, based on new information, and opinions have to be constantly corrected in the light of new experience. Changes, not only in different businesses but also in different countries, must be observed and realized by the ever-watchful insurance man, and in this province Mr. Rutter has won his spurs. Apart from natural endowments Mr. Rutter is well equipped as a business man. He is an excellent shorthand writer, and can make his way through Europe without the aid of an interpreter. We sincerely hope that when the day comes—in years far off—for him to lay down the great trust to which he has now been appointed, it may be said of him as it is said of Mr. Fothergill that he was 'reputed for unchanging urbanity to the humblest in the office.' The strongest administrators are generally beloved by their secretaries and assistants, and to this no little of their strength is due."

***

Recently over in London the Chief Justice of England, Lord Russell, of Killowen, embraced an opportunity to decry the influence of the daily press, and, in other words, strongly intimated that if the public only knew who was the "he" behind the "we" it would not be so deeply impressed. It is not necessary to consider here the replies of the London daily press, because they were rested on the more frequent opportunity, which the daily press enjoys, of addressing the public than was possible to the public speaker, and was further fortified by the power of collecting, commenting upon and presenting the "news." But in insurance journalism there is neither the frequency of daily delivery nor the efficacy of early "news," but only the narrow scope of opinion, and that on purely technical subjects, which are certainly as well, if not better, understood by the instructed than by the instructors. Moreover the *he* behind the *we* is well known in many American insurance journals, where "Brother ———" replies to "Brother ———," and the subject treated is discussed from the personal and not the impersonal—by the individual rather than by the newspaper.

Perhaps the well known personality of some insurance journalists may account for the fact so often complained of that the insurance newspapers are not read as much as they ought to be by even the limited public for whose instruction and enlightenment they are theoretically conducted.

Whether an unknown writer concealed behind "we" ought to have greater weight and influence than a well-informed person who is known to be the author of the articles may be a disputable matter, but it is a fact that many of the most influential organs of public opinion require the signature to the contributions which appear. That is not necessary in some American insurance journals where the name of the journal is the mere *nom de plume* of the editor who is as well known by that as by his surname. The *Weekly Underwriter* is known to be Mr. Hayden. *Insurance* stands for Mr. Davis, unless he has gone a fishing, of which Mr. Lakey will give due notice. The *Insurance World* and Mr. Bergstresser are identical. *The Standard* and Mr. Ransom are inseparable. 'Tis Cohen who lends enchantment to *Views*, and it is Dearden who "*Reviews* the scenes" of insurance, and so on through the list. The fiction of the daily press that "we" voices public opinion finds no place among those insurance journalists who use it purely euphemistically and to avoid the vanity which "*I*" would emphasize, and so Lord Russell's criticisms are inapplicable to American insurance journalism.

Local Matters.

The Old Town Fire Insurance Company of Baltimore has declared a semi-annual dividend of three per cent.

We extend our sympathy to Mr. John C. Boyd, president of the Associated Firemen's Insurance Company, in the severe affliction which the death of his estimable wife has brought upon him and his family. Mrs. Mary E. Boyd was the daughter of the late David Jones, and was born at Cedar Grove, Baltimore County, May 2, 1833.

The sudden death of Mrs. Minnie T. Conway, wife of Mr. William M. Conway, agent in this city of the Michigan Mutual Life, has elicited the sympathies of all insurance circles. Mrs. Conway was stricken as she returned home from a dinner with a friend, and died at her home in spite of all the efforts to arrest the progress of heart failure. Mrs. Conway was the daughter of the late James T. Blackiston. Our tenderest sympathies are with the afflicted husband.

Among the risks offered on the street recently was the two paper mills located at Singerly, Cecil County, Maryland, by a Philadelphia broker at the rate of one and a quarter per cent. Among the companies quoted as having lines on the risks were the Manhattan, New York, $50,000; National Standard, New York, $45,000; New York Fire, $20,000; Atlanta Home, Georgia, $20,000; Empire City, New York, $10,000; Insurance Company of the State of New York, $15,000; Globe, New York, $15,000; Southern, New Orleans, $10,000; and the Lafayette, New York, $10,000.

Elsewhere in this issue of the Baltimore Underwriter will be found the certificate of Mr. John A. Tompkins, examiner for the State of Maryland of the "Statement of the Condition of the United States Fidelity and Guaranty Company," as of date Oct. 31, 1898. This examination was made under the requirement of the laws of Maryland, and is not only official but was thorough and complete in every detail, and presents the actual financial condition of this purely surety company, which does not do any banking business whatever beyond guaranteeing the fidelity of employees. But in that line of business the company stands *primus inter pares*—second to none—and beyond impeachment, as attested by the long list of financial institutions which hold its bonds of guarantee. We admit to having very great pride in this Maryland Company, whose success has been phenomenal, and whose reliability reflects credit on the State as well as on its management.

The Board of Control notified Messrs. Maury & Donnelly that if they did not pay a fine of $500 for violating the rules of the Association of Fire Underwriters in writing certain insurance on the piers and their contents for the Receivers of the Baltimore and Ohio Railroad Company by noon of the 23d they would be suspended. The firm consulted counsel, who wrote a letter to the Board of Control denying the legality of their action, but after mature consideration the firm paid the fine under protest, and as Messrs. Maury & Donnelly say: "With the sole desire not to disrupt the local Tariff Association nor to disorganize any of its workings, we have determined to submit to the judgment of the Board of Control and pay the fine imposed, however unjust it may appear to us, with the understanding that at the next meeting of the association to be held in January, when the points of difference between us will be adjudicated by the parent body."

For several years there has existed in marine circles a controversy over the load line of vessels sailing from Baltimore and those sailing from more Northern ports. Baltimore has claimed a right to load to a depth somewhat lower than that which obtained at more Northern ports, in consequence of the difference in the specific gravity of the waters. But while the claim of Baltimore has been recognized, it has not failed to enlist opposition and contention. An outgrowth of that opposition was a rumor that a change was to be made in the long recognized right of Baltimore and other Southern ports. But recently a cablegram from London to Messrs. Patterson, Ramsay & Co., of this city, gives assurance that the London Board of Trade has not authorized any change in the existing practice. There is no unjust discrimination in the existing practice in favor of Baltimore, or against Northern ports, but simply a recognition of a natural fact, the observance of which does justice to Baltimore and Southern ports.

The Board of Control, consisting of five members of the Association of Fire Underwriters of this city, had a meeting on the 25th

of November, lasting from 3 until 6 o'clock, to consider the case of Messrs. Maury & Donnelly. The meetings are supposed to be secret. The *Journal of Commerce and Commercial Bulletin* of New York the next morning had the following dispatch:

BALTIMORE, *November 25th.*—The Baltimore Board of Underwriters has imposed a fine of $500 on the agency firm of Maury & Donnelly for alleged violation of the rules of the Association. It is said that Maury & Donnelly will refuse to pay the fine and will enjoin the Board from suspending them. Interesting developments are looked for.

The *confidential* circular was distributed to the members on Saturday the 26th announcing that the above firm had been fined $500. The question on the street is *who sent the dispatch*, and what was the animus, if any, in sending it out of town before the members of the Association were informed of the action of the Board of Control? Don't all answer at once.

THE Court of Appeals for this State by Judge Fowler has handed down its ruling in the case of "The Travelers' Insurance Company of Hartford, Conn., *v.* Annie Olivia Nicklas," upon the following statement of facts:

The Travelers' Insurance Company of Hartford, Conn., issued a policy on the life of William Nicklas, of Baltimore city. The insured died in December, 1896, from the effects of a pistol wound in his head, and the insurance company refused to pay the full amount of the policy, less the sum of $300, which was admitted to be due to it by the insured, and this refusal was upon the ground that the death of the insured was the result of suicide, whereupon this suit was instituted by the plaintiff, the widow of the insured and the beneficiary named in the policy. All other defenses save that of suicide were expressly waived by the defendant. The verdict was in favor of the plaintiff, and the defendant has appealed.

The provision of the policy upon which the defendant relies is as follows: "If the insured shall die by suicide, whether the act be voluntary or involuntary, felonious or otherwise, or whether the insured be sane or insane at the time of the act, then this policy shall be null and void and of no effect, except in the case provided for in the sixth section of this policy." The sixth section provides that in case of death by suicide a small amount, to be ascertained as therein provided, which in this case amounts to $125, should be paid by the company.

Upon that statement the Court of Appeals holds that in the court below the jury were instructed that where death results from a pistol-shot wound self destruction is not to be presumed, but the law presumes the wound was the result of accident, and the burden of proof is upon the defendant to show by a preponderance of testimony that the wound was intentionally self-inflicted, and that it was not the result of accident, and that unless the jury find from the evidence that the insured intentionally shot himself their verdict must be for the plaintiff.

The Court of Appeals declares this instruction to have been correct.

The meaning of this ruling is that the party making an affirmative averment must establish the same by evidence satisfactory to the jury. There is no recurrence to the old doctrine that suicide presumes insanity, which the Runk case exploded.

THE session of the National Congress of Fraternal Societies, held in this city last month, was a very notable illustration of the hoped for "brotherhood of man," which, though yet afar off, is brought nearer by the spirit manifested in such congresses, the statistics of which show that in all the associations there is a combined membership of 2,045,092.

But the proceeding which most interests our readers was the effort to successfully graft on the societies a plan of life insurance, which shall secure to the members a "safe and cheap insurance." A committee appointed at the preceding Congress "to prepare a table of insurance rates according to age of entry, and with reference to the tables of mortality," presented, as the daily press put it, "a critical one with the fraternal orders, and the debate on it was long and heated." In that debate it was gravely said that "the old line companies have many points in their favor, but they are not up to the standard of our order. The expenses for salaries and for some other necessaries of the order are met by a small assessment every three months. This gives the members a safe and cheap insurance." Making every allowance for the well-known inaccuracy of the daily press reporter when confronted with insurance matters, it is not possible to guess at the meaning of such an extract.

A safe and cheap insurance depends entirely upon the definition of safety and cheapness. But the old line insurance companies under the industrial plan have fixed a definite meaning to the former, and a perfect plan for the latter. Fraternalism will do well to abandon the sand foundation of assessmentism, and adopt the rock-bottom of the industrial plan.

But if we cannot agree on the assessment plan of fraternalism, we will most cordially cooperate with the resolution instructing "the committee on statutory legislation to endeavor to obtain national legislation looking to the appointment of a commissioner to supervise the workings of the fraternal orders, in view of the difficulties heretofore experienced with the State insurance superintendents."

Our sympathies are warmly with all who desire to get from under State supervision, for no matter what the change may be the new condition must be an improvement on the old. Then if the influence of two millions of members can be enlisted in national regulation of fraternalism it will go a very long way in bringing about relief for all kinds of insurance.

THE Commissioners of Baltimore County have decided to cancel all of the insurance on all public buildings, consisting of court-house and engine-houses, which amount to about $100,000, and to receive bids for insuring the same as from January 1, 1899. This action will open the door for a cut in the rates which have been adopted by the Middle Department. New York brokers are looking forward to obtain the business. Mr. O. J. J. Kempf, of 36 Nassau street, New York, has addressed the following letter:

NEW YORK, November 17, 1898.

COUNTY COMMISSIONERS,
Towson, Maryland.

GENTLEMEN.—It has come to my knowledge that you are dissatisfied with the high rates of insurance which you have to pay at the present time on various county buildings. I can, probably, place your insurance at a reduction of from twenty to twenty-five per cent with thoroughly reliable companies, but to treat the matter intelligently I ought to have full description of the properties to be insured.

If you will kindly favor me with an expiring policy on each of the properties in question, I would return same to you after a careful and thorough inspection.

These policies will show to me a description of the properties, and having all these details on hand I may possibly be able to secure lower rates yet.

I place insurance with only reliable companies, and offer to mail to you all policies and financial statements of each company with whom I would place part of your insurance, subject to your approval and acceptance, and should same not be entirely satisfactory to you, you may return the policies within a reasonable length of time free of any charge.

I trust you will appreciate a fair proposition and let me soon hear from you.

Very truly yours,

O. J. J. KEMPF, O. J. J. KEMPF.
Insurance,
36 Nassau street, New York.

Not finding Mr. Kempf's name in the several insurance directories of New York, we are informed that he does a small brokerage business, and has desk-room in the office of Mr. Wm. C. Kinney, room 509 German-American Building. It would be well for the county commissioners to see what companies are offered by Mr. Kempf, for it may be that he uses the companies that Mr. Kinney is the alleged general agent for, viz. Alexandria Fire Insurance Company, of Alexandria, Virginia; Mount Vernon Insurance Company of Alexandria, Virginia; Minneapolis Fire Insurance Company of Minneapolis, Minnesota; and the Fort Wayne Insurance Company of Fort Wayne, Indiana. None of these companies comply with the Maryland laws, and we assume that the County Commissioners want protection in case of loss. There are enough companies complying with the Maryland laws who pay for the privilege of doing business here that can accept and will compete for the business. Before accepting any policies of insurance from out of town brokers the County Commissioners should consult the Insurance Commissioner as to what companies comply with the laws, and as to their financial condition.

A QUESTION of much importance to surety companies arose in the case of Heise, Bruns & Co. *vs.* the American Bonding and Trust Company, and Minor & Bro., which the United States Circuit Court of Appeals did not decide, but sustained the bonding company in all its other contentions and affirmed the decision of the circuit court below. It appears that Minor & Bro., contractors, applied to the bonding company to become their surety under a law of Congress, and the bonding company before consenting, addressed inquiries to Heise, Bruns & Co., the plaintiffs in error asking with other questions:

Question 13. "Are you aware of his (referring to Minor & Brother,) being at present under any obligation or liabilities whatever?" They answered, "I do not."

And to question 14. "Has he been prompt in paying ordinary debts?" They answered, "Yes."

This communication was dated the 5th of April, 1895, and the fact is that on that very day Minor & Brother owed Heise, Bruns & Company $3196.78, of which $2886.00 was represented by four unmatured promissory notes, being in great part renewals of notes maturing in January previous, and $310.78, balance due on open account.

What effect such false answers would have had in a suit upon the bond, in which there were no other defenses, would have been interesting reading for surety companies. But the Court of Appeals did not consider the effect of the misrepresentation, but said:

"Upon our view of this case, it will not be necessary to pass upon the action of the court below in granting the defendant's fourth prayer, as to the effect of plaintiffs in error answering the questions propounded to them by the defendant in error before the latter joined as surety in the conditional bond referred to in this case; and we shall, as to this question, without expressing any opinion thereon content ourselves with a mere reference to the able opinion of his Honor, Judge Morris, in the lower court."

The case went off "on the general principle that the contract of suretyship should be strictly construed and not extended by implication." And applying that principle to the facts of the case under consideration the court held:

"That the contract between plaintiffs in error and Minor & Brother was not one of credit, but that they were to be paid as the latter received money from the Government on account of the work done, and that the money was paid by the Government to said Minor & Brother, who, in turn, paid it to the plaintiffs in error, and they applied the same not to the debt due for materials on the building, but for other outstanding debts previously existing between them, it would be manifestly unjust and unfair to allow plaintiffs in error thus to apply the money they had received for the work done on the Government building and then require the defendant in error (the Bonding Company) to make good to them a debt that would have been worthless, but for the application thereto of money received from the Government which ought to have been applied to the payment of the debt for which the surety was bound. This would be the result ordinarily in any case, and particularly so in the present one, where the plaintiffs in error owed it to the defendant in error to exercise more than usual diligence to see that they were not innocently mulcted by reason of the suretyship. Defendant in error (the Bonding Company) was actually led into this particular transaction by the act of the plaintiffs in error, and surely no court will hear them contend that the surety executing the bond has not complied with its terms and conditions when they have actually received the money payable under the contract and applied it, not in accordance with the terms of the contract under which they sold their goods to the contractors, but applied it to another and different debt due themselves, and which would have been worthless but for the misapplication of the payments thus made to them. To allow them to apply the money received from the Government to a pre-existing debt due them, and leave the surety on the Government contract in ignorance of the prevailing condition of affairs until after the contractors had failed and made an assignment, would work a great hardship, if not result in an actual fraud on defendant in error, and cannot be countenanced, even if innocently done. In dealing with sureties the utmost good faith must be observed, as in many cases like the present they are not able to know the exact condition of affairs of the party for whom they had become surety. Had an intimation been given the surety in this case that the money received from the Government was not being applied to the payment of the debt due plaintiffs in error for materials, they could easily have protected themselves, as other persons did, by notifying the Government before the payments were made, and in great part this relief could have been afforded long after the materials were actually furnished, as 20 per cent of the amount payable under the contract with the Government was held back until the final acceptance of the work.

Under the United States statute the contractors could not have made a valid assignment of the money, and mere notice by the surety that the material men were not being paid would have led to an appropriation by the Government for that purpose of the money due contractors; but the plaintiffs in error, with this knowledge, neither informed the defendants in error, or the Government, of the failure of the contractors to pay for the materials furnished them and, on the contrary, took the money paid by the Government on account of the work in part, and applied it to the payment of other debts, and accepted notes for amount due for materials furnished under the Government contract extending over the period when the last payments were made by the Government, and which notes, as a matter of fact, did not mature until a date subsequent to the failure of the contractors.

It is manifest upon such a state of facts plaintiffs in error should not have recovered in the court below, and said judgment is hereby affirmed."

CORRESPONDENCE.

LETTER FROM NEW YORK.

SUBURBAN FIRE UNDERWRITERS' ASSOCIATION.

On the 15th instant, the new Executive Committee of this Association met and elected Mr. A. M. Burtis, of the Home, of New York, chairman, and the following gentlemen a Deviation Committee: Henry W. Eaton, London and Liverpool and Globe; Jno. H. Washburn, Home of New York; Edward F. Beddall, Royal of England; George P. Sheldon, Phenix of Brooklyn; Mason A. Stone, Greenwich of New York.

Should the New York City Committee of Fifteen succeed in forming a workable tariff compact the Suburban Association would probably hold its own. It can hardly survive the failure of that committee. It is expected that at the next meeting a considerable reduction of rates in the suburban territory will be announced.

NEW TARIFF COMPACT.

The regular meetings of the Tariff Committee have been held during the past two weeks. The proceedings have either been of minor importance or have been kept quieter than usual. Rumor, of course, is busy.

Any question that causes disagreements of opinion, that are not easily reconcilable, is laid over for discussion later. It is denied that there is a "deadlock" in the Committee. One would be impossible under the above rule.

These subjects have been put aside for the present: 1. The management of branch offices. 2. Questions relating to "overhead" writing. 3. Observance of the rates of other local boards. 4. Should re-insurance be confined to association companies? 5. The proper regulation of brokers.

As these questions are very important, and any one of them, whatever the committee may decide is for the best, may wreck the whole scheme when submitted to the companies for approval, it appears that a "deadlock" is being prevented by avoiding difficulties which must be faced. The ratified compact is a long way off.

Are suggestions in order? The problem to be solved divides itself naturally into three parts. The rules for the management of: 1. The downtown business district, including the shore fronts of the borough of Manhattan. 2. The uptown district, taking in the rest of Manhattan and the boroughs north of the Harlem river. 3. The borough of Brooklyn.

These districts present different problems, apparently. Different commissions are paid for the business of each of them. Is not a good solution of the problems to be found in having one local board of companies for No. 1, a local board of uptown agents for No. 2, and a similar local board for No. 3?

To any one visiting the various offices of the companies, agents and brokers it seems as if new difficulties arise as each question before the Committee is announced. This is to be expected.

For instance, the larger companies have a counter department, to take business in the agency field that is not, and apparently cannot be, controlled by their agents. Some of the companies almost exist by contracts entered into with the assured, such as the Colonial, the New York Fire, the Globe, etc., based upon sprinkler and other improvements, the rate of the local boards being set aside. These contracts cover several years. And so one might enumerate other difficulties.

The shelving of disputed questions after some preliminary discussion may be useful for future settlement, if it enables each company to see how much it has to gain by one settlement of a question as against the loss of the settlement of another question. The compact will be a compromise.

THE NEWARK SITUATION.

The Newark, N. J., compact, formed by a committee of the Middle Department (W. N. Kremer, German-American; Robert Whitaker, Sun of London; M. Wilson, Hanover; D. Prentiss, American of Philadelphia; H. Hawes, Liverpool & London & Globe) some years ago, worked fairly well for some time. Of course there were complaints, charges and counter-charges of unfairness from the first. But, on the whole, good work was done, and the compact has survived until now. The proverbial "last straw" seems likely to break this compact. The insurance on the school-houses has been openly placed at a cut rate. The agent who placed it claims that this action

was forced upon him by cut-rate competition of other compact agents. It is difficult amidst the conflicting statements to arrive at the truth. The condition of affairs has become so "mixed" that there is to be a meeting of the members of the compact in Newark on Monday, the 28th inst. It is not difficult to prophesy that at the conclusion of the meeting the condition of affairs will be more "mixed." The meeting will be an interesting one.

THE PLATE GLASS SITUATION.

At a conference recently held in Boston, the Lloyds, the New Jersey, the New York and the Metropolitan have agreed to maintain the present rates on plate glass, and the Central Accident of Pittsburgh is expected to fall in line, so that trouble for plate glass companies is over for the time in Massachusetts.

In New York, the Metropolitan, the New York, the New Jersey and the Union Casualty and Surety of St. Louis have agreed to observe the former board rates, disregarding altogether the increase in price of plate glass. So that there is not yet any likelihood of agreement.

THE PRESENT ACTIVITY OF COMPANY "WRECKERS."

"Wreckers" is not a word surrounded by pleasant associations, and in speaking of the craze just now for buying up and liquidating companies the word is not properly applied—or if it is, some other equally opprobrious term should be used to designate those virtuous companies who profit by the wrecking. The receiver is as bad as the thief. As a matter of fact, evil times have overtaken the fire insurance business; matters do not appear to be getting better. There is no prospect ahead of better times, and it is a natural expectation, freely spoken of, that some companies tired of the contest should think of inquiring whether they cannot profitably close up their business. And at just such times as these in the lives of all classes of corporations the attention of financial brokers is turned to them. Their business is a perfectly legitimate and useful business. There is no sentiment in it. If the directors of the Hanover look for help or sympathy from some neighbors, who, perchance, may participate in the division of its assets should Messrs. Price, McCormick & Co. succeed in purchasing its stock, they will be disappointed men. Or if they supinely wait to see how their excellent past record may help them, again they are going to be disappointed. Look at the point: $1,000,000 capital; $650,000 surplus; unearned premium $1,160,000; amount left after reinsurance of unearned premium (60 per cent) $696,000. Then, $1,000,000 + $650,000 + $696,000 = $2,346,000, or the amount left for division amongst present stockholders. If necessary, the company can do this work itself, or some broker can offer from $180 to $190 for each $100 of stock, and make a handsome profit over expenses.

Several companies have been approached—at least eight of them; names not mentioned for obvious reasons.

Financial institutions, like Cæsar's wife, must be "above suspicion." Agents will not put their business into a company that is rightly or wrongly supposed to be going out, or going to be forced out, of business. We hear conflicting reports about the Hanover, but the directors seem confident that all is right and the company safe.

STREET GOSSIP.

The San Francisco manager of the Phœnix of London, Mr. George E. Butler, is in town to do what he can to induce companies not in the Pacific Coast Compact, to join it.

Messrs. Burk and Brown (Eastern and Northern of New York) have moved their office to the building now occupied by the North British and Mercantile, at the corner of William and Pine streets.

Most of the prominent insurance men attended the opening reception of the Underwriters' Club, 73 William street, on the 15th inst. The rooms of the club are very pleasant and convenient.

There are now about 450 members.

Fifty-two companies agreed to pay fifteen per cent brokerage outside of the excepted cities in New England, and sixty-three declined to agree to this.

Competition is likely soon to compel the fifty-two to fight for their business by paying a larger brokerage.

Andrew J. Daly, who, by means of a pair of "lace curtains, a piece of carpet, a dress suit, and an upholstered chair," managed to get more than $1000 from various companies, pleaded guilty when arraigned on the 4th inst., in Kings Court, before Mr. Justice Hurd, and will shortly receive sentence.

Mr. Rutter, manager of the London and Lancashire, arrived on Saturday from Liverpool. We understand that his stay in this country will not last over a week.

"Tell me the old, old story." Messrs. Weed and Kennedy, dissatisfied with their business in the district controlled by the Western Union, notify the president, George T. Cram, that there is so much "bad faith," etc., etc., etc., that unless companies furnish surety bonds as a guarantee of good faith, they will not go back into the union, and of course the companies will not furnish bonds. If Weed and Kennedy won't "play," neither will Mr. Case of the London, and he tells president Cram so. How bewilderingly, tiresomely familiar the "dear old" situation seems when you meet him!

The new Amsterdam Casualty Company will soon begin work.

On William street to-day I met a prominent agent—walking slowly—sunk in deep and apparently unpleasant thought. We shook hands quietly, and I said, "What is the matter?" He replied, "Everything is the matter!" "There is no business—I am losing money—my office is gradually breaking up, for I cannot retain my men—it is distasteful to be in the office, and I am walking around the block to think!" Some of the agents, however, seem to keep busy, mainly perhaps with suburban business.

The Reading Insurance Company has gone to the office of Wm. M. Morgan, Pine street, from Messrs. Delesdernier and Cluff.

The question of "overhead" writing is getting important. The National Association of Fire Insurance Agents is furnishing each of its members with a list of companies that agree not to write over an agent's head. This is a very thinly-veiled threat. The Nebraska Legislature is about to pass a resident agency bill. Other States have already done this.

Now "no bigger than a man's hand." This question will, before long, look big when it comes to the front. A.

PERSONAL.

MR. CHARLES POULTNEY PEROT, late vice-president of the American Fire Insurance Company of Philadelphia, whose death is noted in many insurance journals, held many important positions in the institutions of that city—having been director in the Land Title and Trust Company, the Western National Bank and the Westmoreland Coal Company. He took much interest in the Southern Home for Destitute Children, the Fuel Saving Society, the Apprentices' Library, the Philadelphia City Institute, the Society for the Employment and Instruction of the Poor, the Retreat for the Aged and Infirm Blind, the Catherine Street Home of Industry and of the Academy of Natural Science, as well as in other helpful institutions. He was the head of a large grain and flour commission house and a thorough man of business. He was descended from ancestry who were among the original settlers of Pennsylvania in the time of William Penn.

THE death of Mr. Edward M. Bunce, late secretary of the Connecticut Mutual Life Insurance Company, removes a conspicuous figure from life insurance circles. The deceased was well known to the insurance press, having since 1889 been secretary of the Connecticut Mutual, and in Hartford, his native place, he was highly esteemed in every circle of business. He had been cashier of the Phœnix National Bank prior to his selection for secretary of the Connecticut Mutual. Those two positions of responsibility attest his character as a business man, in a city remarkable for its accurate estimation of business qualifications. Of his personal traits of character Vice-President J. M. Taylor gives the following kind and affectionate testimonial:

"We, who stood so near to him in personal and official life, may now speak of his spotless honesty—the cardinal test of manhood in these days—steady as a planet in its silent march, of his sober study of novel and perplexing questions in his later field of action, of their solution by the light of his sound judgment and strong common sense, of the firmness, tact and patience which characterized the performance of his duties. All this—simply this—and still there come to us—always will come in our memory of him—those other qualities of mind and heart and soul which inspired, lighted, consecrated his daily life, the charity for errors and mistakes, the instant response to suffering and need, the scorn of littleness and pretense, the flash of wit that never hurt, the humor of gracious purpose, the anecdotes and reminiscences that invited closer companionship, the love of nature told by camp-fire, field and stream, the love of books that made him scholarly in our best literature, the loyalty to convictions, to right living in the sight of God and man. But the day is done.

Close his eyes, his work is done;
What to him is friend or foeman,
Rise of moon, or set of sun,
Hand of man, or kiss of woman?
Leave him to God's watching eye,
Trust him to the hand that made him."

CAPTAIN MASTERS' "BENEDICTION" BEFORE THE INSURANCE COMMISSIONERS.

One of the most amusing incidents at the late national convention of insurance commissioners was the "Benediction" pronounced by Mr. A. W. Masters. It has never been printed in full, and is worth preservation. The following is a stenographic report:

The President—We have with us to-day a gentleman from Illinois, Mr. A. W. Masters, United States manager of the London Guaranty and Accident Company, upon whom I will take the liberty of calling for the Benediction.

Mr. Masters—I beg to thank you very sincerely, Your Majesty, for this totally unexpected honor for which I have so patiently waited. But I am afraid, Your Serene Majesty—I so address you because that is the way I have always looked upon the insurance commissioners of our States, with awe and trembling—I am afraid, sire, that your kindness has come too late. I came up here from Chicago on Dr. Fricke's kind invitation three days ago, imbued with the fact (a long borne in on fact) that I knew considerable about all kinds of insurance, and a whole lot about liability insurance in particular, and I have sat here, sir, and heard drop from the mouths of the sages of life insurance and the deans of fire insurance and the exponents of industrial insurance, and all other classes of insurance, pearls of wisdom, and now at almost the parting hour I have listened to my esteemed friend here speak forth such a dissertation upon my own particular business that it has not needed his pointed sarcasms of the last few days to make me feel that I had better hurry back to that great State of Illinois and send my resignation to London as the manager of any kind of an insurance company.

I think, however, Mr. Chairman, that every man comes some time in his life to learn from those older, abler, wiser than himself how much he does not know; and I have come here, sir, and sat here and learned that, and I cannot do much more in pronouncing the benediction than to tell you what a great change of heart I have experienced toward the gentlemen in your onerous and responsible positions. Prior to the morning that I entered this club-room I had only had the honor of meeting three of your noble body face to face. The interviews have not been so conducive to admiration and love and reverence on my part as to make me feel that I ought to come here. But my friend, Dr. Bloomingston, from Chicago, said: "Don't you be afraid. You go up there and see those fellows. Buy them cigars, dine them and wine them. You may need them some day in your business." So I came, and I hope that after the manner in which I have shaken hands with my dear friend Mr. Dearth and greeted you all there will be some recompense to our little English company with its foreign assets, that my friend referred to, when the day of reckoning comes. [Laughter.]

And right here I might say that perhaps I did not approach the others just right. There was in a far-off down-Eastern State a magnate from a supervision board who wrote me a long letter on the 13th day of January of one year, and said: "In going over your statement I see that you have kept $25,000 in bank on the 31st day of December. What do you mean by that?" I wrote him an explanation and it did not go, and I went away off down to that far-off Eastern state to explain, and I went into the august presence of the commissioner, bowed in humility and presented my little case, and he said: "The laws of this State say that you shall have a deposit of $200,000 in this State or some other State of the Union before doing business, and that you shall have appointed not less three trustees—American citizens of standing and reputation—approved of by the State superintendent of insurance, and in their hands you shall deposit before the 31st day of December of each year every dollar of assets that you have in the United States of America."

"But," I said, "my dear sir, I have deposited in the State $200,000. I have given $600,000 to my United States trustees; but I have got to have some money to go on with on the 1st day of January."

"Well," he says, "your company over there is rich. Send to England for it." And I had to send. [Laughter.] Then I asked him the question: "Why is not that $25,000 in the bank to my credit on the 31st day of December a fair asset for that company?"

"Well," he said, "you are a foreigner and you might leave between two days." And I went home, sir, rolled down my pants and became an American citizen.

My second interview was had with the commissioner in the corn-belt of a State of which we have heard considerable lately. We had issued an accident policy there on a farmer—a gentleman who toiled in the fields—and we thought it was a good risk on account of his quiet occupation. He went out one day to labor in the vineyard—I mean cornfield—and the rain descended and the floods came and the farmer got wet. But he didn't knock off work—they never do on account of a little rain. By and by the sun came out and he became heated and dry, and the germs in that shirt of his—they say they don't often change their clothes out there—so affected him that he had lumbago, or, as the doctor pronounced it, "a bad case of lame back."

Thereupon the farmer made a claim against the insurance company, and we tried to explain to him that this was a bodily ill—an infirmity, a disease—but to no avail, for we got a letter from the insurance commissioner of that State, saying: "Why don't you pay that man?" and we had a lot of unsatisfactory correspondence, and I went out to see the official. I came into his presence with the same low bows and the same humility with which I visited my Eastern friend. I argued with him and said: "We don't cover disease." And he said:

"This is not a disease. Typhoid fever is a disease. This man has got a lame back and cannot work."

"Well, sir," I said, "at least it is a visitation of God, and we don't pay for it."

Says he: "Young man, I want you to understand that visitation of God in this State is an accident. You pay or get out!" [Great laughter and applause.]

Your worshipful highness, sire, I have not been in K—I have not been in that State since. [Laughter.]

My third acquaintance with an insurance commissioner was one day when I was starting on a journey to visit one of the finest of your body, when who should I meet but the very man on the train. I thought it would be a fine thing to invite him to dine with me, and so he did—complacently, bland, sweet smiling and kind—and I bought him cigars and I paid for—ginger ale. [Applause.] And before we reached the end of our journey he became interested in me and inquired paternally and kindly how my little company was getting on. I fell into the trap and said it was getting on splendidly, and that we were doing well and laying up a surplus, and he shook my hand at parting and said he hoped to see me again, and he went back to his State and searched around in the musty records of by-gone days and laws and fished out an old law by which they could tax me for every day I had been in the State, and he sent me a tax bill for $1600. [Great laughter and applause.]

And so, your excellency, you can see that I came among you with fear and trembling; but I go away feeling that, having met you all, having heard you talk, having met you here in your assembly, witnessed your wisdom, your erudition, your learning and your grandeur, and linked arms with you in the corridor and learned to love you there, that I can go home with a heart open broad and wide to every insurance commissioner of this land, and if my statement on the 31st of December does not go after that, human kindness is a myth. [Applause and laughter.]—*The Weekly Underwriter.*

INVESTMENTS OF FRENCH LIFE COMPANIES.

A REVOLUTION.

In the innumerable articles written during the last ten years in the French insurance papers upon the question of investments of French *versus* American life companies, a strong point has always been that the investments of French life companies were so limited by law to "gilt-edged" securities that neither policyholders nor shareholders incurred any risk of loss. On the other hand, the American companies are accused of recklessly embarking their money in all kinds of speculation, it being conveniently overlooked that the managers of the American companies are quite as competent to select American investments as their French colleagues are to scrutinize the French money market. But the "quart d'heure de RABELAIS" has come for these inconsequential critics, some of whom, by the way, have recently had to answer heavily before the French courts for their rash remarks.

In common with most other financial institutions throughout the world, the French life companies have found a continually increasing difficulty in obtaining a satisfactory rate of interest on their money, and one of the first effects of this has been the famous increase of tariffs about which so much fuss was made a few years ago.

The next step has been an application to the Government by three great French life companies, the Générale, Phœnix, and Soleil, for a modification of their by-laws as to investments. And in this con-

nection the following extract from the annual report of the Générale for 1895 is interesting:

"Further, the steady fall in the rate of interest is an incontestable pnenomenon. The rate of 3½ per cent, upon which our present tariffs are calculated, is *barely realizable* on our average investments. During the past twelve months this company has only realized 3-54 per cent on first-class stocks. No doubt a better return can be had on real estate, but building investments can only be made in comparatively small amounts, by companies obliged to have always a large amount of eash at their disposal, and even building property is now far from producing such good returns as formerly. Consequently the absolute necessity for a reduction of the rate of capitalization of tariffs has become evident to the few remaining advocates of a 4 per cent rate; those companies who further oppose this vital reform will seriously imperil their finances."

In consequence of the situation above described, the companies referred to have applied for and obtained leave to look not only outside of certain classes of French securities, but even to invest their funds *outside of France!* This is indeed a great revolution, and the day may yet come when the keen-witted financiers who direct the French companies will seek American investments, which will be the death blow to all the vicious and ill-informed attacks of French insurance journals on American life companies.

Under the title of "At Last" the most moderate of the Paris insurance papers, *La Semaine*, remarks as follows: "Up to the present moment, French life assurance companies have been strictly limited in their investments; outside of real estate and mortgages they could only invest in French government stock, or securities bearing a government guarantee, consequently they have long been unable to realize on their annual investments a revenue equal to their obligatory average rates of capitalization. For some years past they have even been obliged to go considerably below the rate which is *necessary* to enable them to fulfil their obligations."

However, this dangerous situation has been thoroughly appreciated and remedied, and the following are the new conditions under which French life companies can invest their funds: 1. Loans or advances on their own policies. 2. Buildings or mortgages on building in France or Algeria. 3. Government securities or securities carrying a government guarantee either on capital or interest. 4. Loans to departments, communes, to chambers of commerce in France or Algeria, or in bonds issued by these various bodies. 5. Securities carrying a guarantee, as to either capital or interest, of the said departments, communes, and chambers of commerce properly constituted. 6. Land mortgage and communal bonds issued by the Credit Foncier of France. 7. Loans or advances on the above-mentioned securities.

Any surplus funds may be invested:

1. In buildings, or mortgages on buildings, situated in French colonies, protectorates, or *foreign countries*. 2. Loans to French colonies or on securities guaranteed by these colonies. 3. Public securities of every description, French or foreign, which are quoted on the official list of the French Stock Exchange, and of which the list shall be decided annually by the shareholders in general meeting. 4. Loans or advances on the above public securities.

Even while granting this large measure of liberty to French companies, the Government, in a praiseworthy spirit of conservatism, has established two safeguards against rash investments in colonial or foreign securities, viz. not more than one-fourth of the total reserves can be so invested, and secondly, the shareholders assembled in general meeting shall decide as to what ordinary public securities shall be purchased. The power of veto of the shareholder in French companies will not, we believe, cause much difficulty to the managers thereof; if, therefore, there are any first-class American securities that can obtain a quotation on the Paris Stock Exehange let them come along, the French insurance companies will buy them just as soon as anybody else. Business is business, and no nation knows this better than France.

In connection with the above, the following memorandum on the shares of the companies will show that whereas some years ago they returned 4 per cent on market prices, at present they return less than 3¼ per cent:

	Last Dividend. Fcs.	Last Price. Fcs.	Return per cent.
Générale.....	2,000.00	64,000	3.12
Phénix.....	1,150.00	35,750	3.21
Soleil.....	12.50	385	3.22

—*The Review*, London.

Law Department.

Circuit Court of Appeals, Fifth Circuit.

TRAVELERS' PROTECTIVE ASSOCIATION OF AMERICA *v.* LANGHOLZ.

March 1, 1898.

INSURANC—INTNTIONAL INJURY.

Where a policy of insurance provides, "The member hereby agrees that the Travelers' Protective Association shall not be liable for death when caused by intentional injuries inflicted by the member or any other person," and the proof shows the insured was murdered, his death was caused by intentional injuries, and no recovery can be had.

In Error to the Circuit Court of the United States for the Western District of Texas.

Before Pardee and McCormick, Circuit Judges, and Swayne, District Judge.

Swayne, District Judge. This was a suit brought by the defendant in error, Matilda Langholz, in the district court, Forty-Fifth district, of Bexar county, Tex., on March 20, 1896, and removed by the plaintiff in error to the United States circuit court for the Western district of Texas on the 22d of May, 1896. The action is upon a policy of life and accident insurance issued by the plaintiff in error corporation to Charles J. Langholz. The petition upon which the cause went to trial alleges that the plaintiff below was a feme sole; that the defendant below is a corporation of the State of Missouri; that the said Charles J. Langholz was the son of the plaintiff below, and became a member of the said corporation defendant, and became entitled to have said defendant issue to him a certain policy of insurance upon his life, the benefits of which, in case of death, were payable to the plaintiff below, by which policy she would be entitled to $5000. She then set out the policy of insurance or certificate of membership in hæc verba, with the endorsements upon the back thereof. She further alleges that her said son, Charles J. Langholz, on or about the 9th day of June, 1895, came to his death by accident, within the meaning and provisions of the said certificate of membership or policy of insurance; and she further alleges in this connection that her said son was murdered on said date, in the State of Texas, by one John Taylor, being shot through the head with a Winchester rifle, from which his death resulted immediately; and she further alleges full compliance by her said son with all the requirements and conditions of said policy of insurance, and all of the rules indorsed thereon, which latter are as follows:

"The member hereby agrees that the following rules shall be observed: That the Travelers' Protective Association of America shall not be liable for injuries incurred by a member in occupation more hazardous than specified in his application for membership, or in case of injuries, fatal or otherwise, wantonly or intentionally inflicted upon himself while sane or insane, or in case of disappearance, or injuries of which there is no visible mark upon the body (the body itself not being deemed such a mark in case of death), or in case of injury, disability, or death happening to the member while intoxicated, or in consequence of his having been under the influence of any narcotic or intoxicant, or death or disability when caused wholly or in part by any bodily or mental infirmity or disease, dueling, fighting, wrestling, war or riot, injury resulting from an altercation or quarrel, unnecessary lifting, voluntary exertion (unless in a humane effort to save human life), voluntary or unnecessary exposure to danger, or to obvious risk of injury, or by intentional injuries inflicted by the member, or any other person, injury received either while avoiding or resisting arrest, while violating the law or violating the ordinary rules of safety of transportation companies, or riding on a locomotive, or to cases of injury caused by the diseases of epilepsy, paralysis, apoplexy, sunstroke, freezing, orchitis, hernia, fits, lumbago, vertigo, or by sleepwalking, voluntary inhalation of any gas or vapor, injury fatal or otherwise, resulting from any poison or infection, or from anything accidentally or otherwise taken, administered absorbed, or inhaled, disease, death, or disability resulting from surgical treatment (operation made necessary by the particular injury for which claim is made, and occurring within three calendar months from the date of the accident, excepted)."

Due proof of death was presented, and claim was made on defendant below for $5000. She also claimed the sum of 12 per cent, statutory damages, and $1500 as reasonable attorney's fees, to which the defendant below filed a general demurrer, and also a special demurrer to the claim of 12 per cent damages and attorney's fee. At the same time it filed the following answer:

"The defendant further excepts specially to the allegation in the said amended petition that the death of Charles J. Langholz was not caused by 'intentional injuries inflicted by himself or any other person, received either while avoiding or resisting arrest, while violat-

ing the law, or violating the ordinary rules of safety of transportation companies,' as alleged in the fifth page of said amended petition, because said allegations are immaterial and irrelevant, under the rules indorsed on the back of the certificate of insurance, as shown on the third page of said amended petition. Of this the defendant prays the judgment of the court."

The special demurrer was sustained by the court, but the general demurrer was overruled, to which the defendant below excepted, when, upon an agreed state of facts, and the jury having been waived, the cause was submitted to the court below, which found in favor of the plaintiff for $5000, with interest from September 22, 1895, and entered judgment accordingly, from which the defendant below appeals, and brings the cause here upon the following assignments of error:

"First. The court erred in overruling the defendant's general demurrer to the plaintiff's first amended original petition, because said amended original petition showed no cause of action on its face, in this: That it is alleged that Charles J. Langholz came to his death by intentional injuries inflicted upon him by another, and the certificate of insurance, insuring the said Charles J. Langholz, which was fully set out in the said amended original petition, showed that the defendant was not liable in case of death so occurring, which error is set out in defendant's bill of exception No. 1. Second. The court erred in giving judgment for the plaintiff and against the defendant, because the special findings of fact made by the court show that said Charles J. Langholz was intentionally murdered by one John Taylor, and that the certificate of insurance set out in said special findings exempted the defendant from liability from death so occurring; and that the judgment should have been given to the defendant upon the said special findings, which error is set out in defendant's bill of exception No. 2."

It is evident from the rules set out on the back of the policy, as well as from the wording in the body thereof, it was issued as an accident policy only; hence the many conditions or causes of death or injury named in which the company should not be liable. One of these, reading as required by the grammatical construction of the the paragraph, and omitting that part not pertinent to this case, is as follows:

"The member hereby agrees that the Travelers' Protective Association of America shall not be liable for * * * death, * * * when caused by intentional injuries inflicted by the member or any other person."

The statement of facts in this case agreed on, and the findings of the court, show the insured to have been murdered (that is, intenally injured by another person); and under the construction put upon identically the same language in Insurance Co. v. McConkey, 127 U. S. 661, 8 Sup. Ct. 1360, the plaintiff cannot recover. In that case Justice Harlan, speaking for the court, said:

"We are, however, of the opinion that the instructions of the jury were radically wrong in one particular. The policy expressly provides that no claim shall be made under it when the death of the insured was caused by intentional injuries inflicted by the insured or any other person. If he was murdered, then his death was caused by intentional injuries inflicted by another person. Nevertheless, the instructions to the jury were so worded as to convey the idea that, if the insured was murdered, the plaintiff was entitled to recover; in other words, even if the death was caused by wholly intentional injuries inflicted upon the insured by another person, the means used were 'accidental' as to him, and therefore the company was liable."

This is the only case cited bearing upon the question at bar from the supreme court. It is controlling here, and, as we fully agree with and follow it, we must reverse and remand this case, with instructions to the court below to enter judgment for defendant below.

MEDICAL DEPARTMENT.

CHILD-BEARING AND LIFE ASSURANCE.

A paper by Dr. John Playfair and Mr. G. Wallace on the above subject was read at a recent meeting of the British Medical Association at Edinburgh. The object of the paper is to discuss the extra risk to an insurance company in the case of a female who at the date of the insurance is pregnant. It is not intended to consider the extra risk arising from possible future pregnancies of those who, at the date of insurance, are unmarried, or who, being married, are not pregnant. The extra risk in these cases is sufficiently covered by the ordinary premium calculated from a mortality table such as that constructed by the Institute of Actuaries from the experience of insurance companies of healthy female lives assured. The scope of the paper is therefore limited to the question of the extra risk involved in a current pregnancy, which is not covered by the ordinary premium so derived. This question is not without importance. Although applications for insurance from pregnant females are not common they do occur. In our experience, they have become more numerous in recent years, and it is probable that they will become more numerous still in the future. Having exhaustively examined the subject, the authors of the paper arrived at the following conclusions:

1. For the uniform extra premium at present charged, an extra, varying in amount according to age, should be substituted.

2. The extra premium for a first pregnancy should be at least three times as great as that for a subsequent pregnancy.

3. A proposal for insurance from a woman aged thirty or upwards, pregnant for the first time, should be delayed.

4. A proposal for insurance from a pregnant woman, aged forty or upwards, whatever the number of the pregnancy, should be delayed.

In the subsequent discussion Mr. G. M. Low, Manager, Edinburgh Life Assurance Society, observed that the first question which arose upon the statistics submitted was whether the mortality in child-bed of the women treated at the Maternity Hospital was likely to resemble that of women of the middle and upper classes who became the subjects of life assurance. This was a question which medical men would be better able to answer than actuaries; but, taking it that the figures were appropriate to the case of insuring persons, it would appear that the extra rates hitherto charged by assurance companies for this risk were insufficient.

Mr. McCandlish said that he had looked into this matter many years ago, and from the information he could then gather he had come to the conclusion that the risk of pregnancy among the lives of women likely to assure with ordinary life offices, was not nearly so great as among the general population. He drew attention to the importance of ascertaining that genuine good reasons existed for insuring the life, and to the fact that female life generally after the child-bearing period was better than that of males. He mentioned also that he had ascertained in the case of the wives and widows of a certain learned society that, in later life at all events, their prospects of longevity were equal to those of the general female population five years younger.

Mr. George Eastes, London, pointed out that the statistics of former years, before the antiseptic treatment was adopted, could not be applied to the present day. The mortality from childbirth within the last fifteen or twenty years had very greatly diminished. He also remarked that the mortality amongst the higher classes of society, who had good sanitary surroundings in child-bearing, was below that in the lower classes, with their insanitary surroundings.

Mr. Chatham said that the data were not applicable to insurance purposes, and the discussions had shown that this was the difficulty in most cases. The records of the offices were the proper source for information of this kind, and if the medical officers in Edinburgh would combine and form an association similar to that formed in London, then no doubt the actuaries of offices would meet them and afford facilities for investigations of this nature, because of the very great importance to the offices of such information.

Dr. Glover Lyon agreed with the last speaker in regretting that an effort was not made to combine the experience of the offices on medical points. This was being done in America by means of cards, but the experience thus collected was very new at present and useless for practical purposes.

Mr. T. Wallace, in reply, said that the extra premium hitherto charged by the offices for pregnancy was quite inadequate to the extra risk incurred. Under twenty years of age the death-rate in parturition amongst married women was very low, only 0.472 per cent, but with the unmarried at that period of life it was very high, namely, 2.264 per cent.—*Insurance Record.*

STATEMENT OF THE CONDITION OF THE

United States Fidelity and Guarantee Company,

OCTOBER 31, 1898.

ASSETS.

Stocks and bonds	$779,295 00
Loans on collateral	80,616 51
Loans on bonds and mortgages	6,000 00
Advances on real estate secured by deed of property	37,908 38
Real estate	60,192 91
Agents' balances, less commissions	52,624 24
Mercantile and attorneys' subscriptions, due and in course of collection.	11,566 28
Furniture and fixtures	11,357 73
Interest due and accrued	8,269 39
Cash on hand and in bank	274,764 34
	$1,322,594 78

LIABILITIES.

Capital stock	$1,000,000 00
Surplus and reserve for reinsurance	293,355 18
Cash collateral deposits	29,239 60
	$1,322,594 78

Examined and found correct. BALTIMORE, Nov. 9, 1898.
(Signed) JOHN A. TOMPKINS, Examiner for State of Maryland.

BALTIMORE, MD., Nov. 9, 1898.

Mr. John R. Bland, President, U. S. F. and G. Co., Baltimore, Md.

My Dear Sir:—Under the provisions of the act of 1892 and acts amendatory thereto, I have this day made an official examination of the books and accounts, cash in bank and on hand of the UNITED STATES FIDELITY AND GUARANTY COMPANY and find them correct as per statement herewith.

I have also personally examined and counted in detail the investments and securities belonging to the company and find them of a satisfactory and approved character.

The concise, systematic and original system of bookkeeping as especially adapted for the Surety business is to be commended. Yours very truly,

(Signed) JOHN A. TOMPKINS, Examiner for the State of Maryland.

WE DO NOT RECEIVE MONEY ON DEPOSIT OR PAY INTEREST ON BALANCES OR IN ANY WAY CONFLICT WITH OR COMPETE FOR BUSINESS WHICH LEGITIMATELY AND NATURALLY BELONGS TO THE BANKING INSTITUTIONS AND TRUST COMPANIES OF BALTIMORE.

THE UNITED STATES FIDELITY AND GUARANTY COMPANY has issued bonds covering the officers and employes of many of the largest banking institutions, trust companies, railroads, etc., in the United States, besides acting as surety on bonds given by these institutions, some of which may be mentioned, as follows, viz.:

The National City Bank of New York City (the largest banking institution in the country).
The Garfield National Bank of New York City.
The Union National Bank of New York City.
The Colonial National Bank of New York City.
The Fifth Avenue Trust Company of New York City.
Western National Bank of New York City.
Hanover National Bank of New York City.
Bank of New Amsterdam of New York City.
Colonial Trust Company of New York.
North American Trust Company of New York.
Edison Electric Illuminating Company of New York.
The H. B. Claflin Company, New York.
John Wanamaker of New York.
Tefft, Weller & Co., of New York.
Brooklyn Union Gas Company.
Nassau National Bank of Brooklyn.
The Union Subway Construction Company of New York City.
The comptroller and deputies of New York City.
The sheriff and deputies of New York City.
The chamberlain and deputies of New York City.
The United Gas and Improvement Company of Philadelphia.
The Guarantee Trust and Safe Deposit Company of Philadelphia.
The Farmers and Mechanics' National Bank of Philadelphia.
The Finance Company of Pennsylvania, of Philadelphia.
The Tradesman National Bank of Philadelphia.
The First National Bank of Philadelphia.
The National Security Bank of Philadelphia.
The Merchants' Trust Company of Philadelphia.
The United States treasurer at Baltimore, Md.
The Collector of the Port at Baltimore, Maryland.
The register of the city of Baltimore.
The treasurer of the city of New Orleans.
The United States treasurer, Chicago.
The employes of postoffice, Chicago.
The treasurer of Duluth and St. Louis county, Minnesota.
The treasurer of the city of Richmond, Virginia.
Northern Pacific Railroad Company.
Northern Pacific Express Company.
New York, New Haven and Hartford Railroad Company.
Lehigh Valley Railroad Company.
Long Island Railroad Company.
Westchester Electric Railway Company.
Brooklyn Ferry Company.
Nassau Ferry Company.
The Associated Roads of New Jersey.
The Manhattan Elevated R. W., N. Y.
The Metropolitan Street Railway of New York.
Third Avenue Railway, New York.
The Union Railway of New York.
Forty-second Street, Manhattanville and St. Nicholas Avenue Railway of New York.
Dry Dock, East Broadway and Battery Railway of New York.
Brooklyn Elevated Railway of New York City.
The Erie Railroad Company.
The Southern Railroad Company.
Norfolk and Western Railroad Co.
Chesapeake and Ohio Railroad.
Central Railroad Company of New Jersey.
Cleveland, Cincinnati, Chicago and St. Louis Railway.
Alabama Great Southern Railroad.
Baltimore and Ohio Railroad.
Baltimore and Ohio Southwestern Railway.
Louisville and Nashville Railroad.
Rio Grande Western Railroad.
Baltimore, Chesapeake and Atlantic Railroad.
Cincinnati, New Orleans and Texas Pacific Railroad.
Chattanooga, Rome and Southern Railroad.
Little Rock and Memphis Railroad.
Western Virginia and Pittsburg Railroad.
The Union Elevated Railway of Chicago.
Lake Street Elevated Railway of Chicago.
Metropolitan Westside Elevated Railway of Chicago.
Southside Elevated Railway of Chicago.
Mill Creek Valley Street Railway of Cincinnati.
Buffalo and Susquehanna Railroad Company.
Duluth and Ironrange Railroad Company.
Cleveland and Marietta Railway Company.
Iowa Central Railroad Company.

And the officers and employes of the following leading Baltimore financial institutions:

The National Exchange Bank.
The First National Bank.
The Farmers and Merchants' National Bank.
The Western National Bank.
The Traders' National Bank.
The National Bank of Commerce.
The German-American Bank.
Commercial and Farmers' National Bank.
Hambleton & Co., bankers.
Baltimore Trust and Guarantee Co.
Mercantile Trust and Deposit Company.
The Eutaw Savings Bank.
The Central Savings Bank.
The Consolidated Gas Company.
The Canton Company of Baltimore.
Baltimore Chamber of Commerce.
The Baltimore City Passenger Railway Company.
Consolidated Railways of Baltimore.

We do not receive money on deposit or pay interest on balances or in any way conflict with or compete for business which legitimately and naturally belongs to the banking institutions and trust companies of Baltimore.

JOHN R. BLAND, President. GEO. R. CALLIS, Secretary.

BALTIMORE UNDERWRITER.

SEMI-MONTHLY EDITION.

Thirty-fourth Year of Publication.

PUBLISHED ON THE 5TH AND 20TH OF THE MONTH, AT NO. 6 SOUTH STREET, BALTIMORE, MD.

JAMES H. MCCLELLAN, PUBLISHER.
POST OFFICE BOX 41.

Subscription per annum in the United States and Canada, $3.00; in Great Britain, 14 *s.* Advertising Rates on Application.

BALTIMORE, DECEMBER 20, 1898.

WE invite the attention of all whom it may concern to an interview we have had with President Stone of the Maryland Casualty Company. It will be found very interesting in its general as well as in its insurance features, and one who, like Mr. Stone, can "hold his own" so well in the face of any comers, needs no seconding by us. Mr. Stone denies all responsibility of the Maryland for rate cutting and retorts the charge on the Conference. Let that fault lie where it properly belongs, the fact remains that demoralization exists and ought to be corrected. We congratulate President Stone on the success of his late visit throughout the West as far as the Pacific Coast, and know that he can present the olive branch or the clenched fist, as there may be occasion.

THAT "OPEN DOOR" OF REINSURANCE.

However wide may be the difference of opinion as to the future policy which this country ought to pursue in regard to its new possessions, it cannot be more unsettled than is the conviction of fire insurance companies about the "open door" of reinsurance. The reorganization of the Tariff Association in New York is said to halt because of the unwillingness of certain companies to give up the reinsurance of surplus lines in foreign companies which do not comply with the laws of any of the United States. Whatever one may think of that practice, it would be prudent before condemning it to ascertain whether there is sufficient insurance capital and assets in this country to carry safely the twenty thousand millions of dollars of insurance written in this country. Commissioner Dearth is responsible for the figures that 106 American fire insurance companies wrote, in 1897, $10,865,778,210, and 44 foreign insurance companies wrote $7,818,279,209; together the total written by 150 companies was $18,684,257,419. Hence, our enormous assumption of twenty thousand millions of dollars is not an exaggeration, for the 150 companies are hardly half of all the companies in the United States.

When it is established beyond controversy that there are abundant assets of fire insurance companies in the United States to safely underwrite all the insurance required by our enormous values, and that those assets will keep pace in increase with the ever expanding necessity of our business and property, then the contention about keeping the premiums at home will have a force which is wanting until we know with certainty whether existing assets in this country can carry with safety existing values. It is reasonable to infer that reinsurance in foreign fire companies is the result rather of a want of capital in this country than of a desire to deprive American companies of the premiums. Men as shrewd in

business as fire insurance managers would hardly overlook the importance of aiding by all legitimate assistance American companies by reinsurance, if they felt that it was entirely safe to do so. And in that connection we find it said by the *Insurance Register* that one of the reinsuring companies had said "that if its reinsurance at the time of the Chicago conflagration had been in authorized companies it would not have been able to collect, and must, therefore, have failed." If that is a fact, the question of reinsurance is not confined to any injustice to American companies, but involves the safety of the insured; for every company which fails by a conflagration widens the losses of the people and embarrasses their power of recuperation. Until it can be shown that "the reinsurance (of the Chicago losses) might have been distributed among American companies *without loss*," it would be unwise to deprive the people of the indemnity of foreign companies merely on "general principle" that "it must be *better* to pay American reinsurance premiums to companies doing business in the United States." We hold it to be *best* to pay reinsurance premiums where indemnity is certain, and not to risk the indemnity on patriotism or reciprocity.

We readily assent to the wisdom of the *Register's* proposition that "a policy which tends to keep money in circulation at home is one to which, other things being equal, every American business man should strictly adhere." But the proposition may have qualifications resting on the safety of the indemnity, and when that safety is endangered by insufficient home capital we do not believe that any American business man would consent to have his indemnity put in jeopardy in order to help the circulation of money at home.

The *Argus* is so pronounced in its opposition to this practice of reinsurance that it would *prohibit*, of course, by law, since that is the only way to prohibit, "American companies, or Americanized foreign companies," "from transferring American risks and remitting American premiums to alien companies in foreign countries." But will our esteemed contemporary follow its principle to its natural conclusion, and prohibit American merchants from buying foreign products? and if not, why not? Indemnity is sold like foreign products, and is bought for the same reason—because it is needed. Why discriminate between American citizens—encouraging one to patronize the "alien," but prohibiting the other from buying of the foreigner?

We understand the "protection policy" in politics, and fully appreciate it as a vote getter, but we protest against applying its vicious principles to insurance until it is shown that the "infant industries" can carry the burden of American indemnity.

It is not "the reinsurance sinners" that are the party in issue in this controversy as we understand it. The question with us is: Can this country do without the reinsurance in foreign companies? If so, it will be abandoned; for no people will very long buy what they don't want, or what they can do without. But until it is demonstrated that the assets of the companies which are authorized to do business in the States of the Union are ample to carry the indemnity required in this country we should hesitate to advocate a policy for which the fire insurance companies of the country are unprepared. No one has yet demonstrated that there is abundant fire insurance capital in the United States for all the purposes of our enormous indemnity; but, whenever that is done, reinsurance outside will play out; but until that fact is made apparent it will continue, because there will be a public demand. We are not "juggling with figures," nor in any way "taking sides" in this controversy. We look over the heads of all "the reinsuring sinners," and see that vast sum of twenty thousand millions of dollars of American values, held by the American people, and we would have all parties look at that sum before they presume to invoke legislation to withdraw any fire insurance protection therefrom.

THE VALUED-POLICY LAW IN UNITED STATES SUPREME COURT.

The valued-policy law, in the constitutionality of its features as violative of the XIV Amendment of the United States Constitution, has been argued and submitted to the Supreme Court of the United States in the case of the Orient Insurance Company of Hartford, plaintiff in error, *v.* Robert E. Baggs. The case came up from the Supreme Court of the State of Missouri. The case in the Missouri court was decided against the Orient Insurance Company upon every point.

Judge J. B. Gantt of the State Court, in sustaining the validity of the valued-policy law of Missouri, remarked that while "it is true the constitutionality of the several (State) statutes was not directly passed upon (in the cases cited), the fact that so many courts of last resort have uniformly sustained such enactments is a most cogent reason why the utmost care in the determination of their validity with reference to the charge that they conflict with the Constitution of the United States and of this State" should be had. The court then notes the fact that the Missouri statutes applied only to policies "issued or renewed" after the said sections went into effect, and if not unconstitutional, must be held to enter into and form a part of the contract of insurance as fully as if written into it, and if any of the stipulations of the policy conflict with that statute, such stipulation must yield to the law; that the defendant Company knew that the statute was prospective in its operation, and that when it entered into the contract under consideration the Company was apprised of the law of the State which prohibited a stipulation in its policies, that the company would only be liable for the actual value of the property destroyed, and that the statute by its terms annulled this provision of its policy.

If that ruling is sustained by the United States Supreme Court it will virtually recognize the power of the State to change, by its laws, the contract for indemnity for loss actually sustained into one for liquidated damages fixed by the law.

The Missouri Judge then reviewed the cases as to a corporation being a citizen, and held that "if anything can be deemed settled by adjudication, then it is settled that a State can impose on foreign insurance corporations, seeking to transact business in such State, terms and conditions as it may deem proper, or may wholly exclude them. It follows, then, that this act did not curtail any right vouchsafed to defendant by virtue of being a citizen of the State of Connecticut. As such corporation it had no right in this State save those extended by the comity of the State, and its attempt to limit its liability in case of loss to the actual damages was repugnant to the policy of Missouri as expressed in the statute above quoted." The court held the policy to be "a Missouri contract," to be construed according to the laws of that State, which being applicable to all companies, domestic and foreign, does not discriminate nor deny to any company "the equal protection of its laws."

The State Court, while declining to consider "the supposed bad policy of the statute," remarks, in a *per contra* way, that "it is well known that the practices of the insurance companies, both life and fire, led to the legislation now so strenuously attached. Promises held forth to the assured in the policies in use when this and similar statutes were enacted had "too often proven a delusion and a snare," and as the courts were powerless to correct the evil the Legislature interposed, not only in Missouri but in many of the States of the Union, to remedy the wrong. The manifest policy of the State is to prevent rather than encourage over

insurance, and to guard as far as possible against carelessness and every inducement to destroy property in order to procure the insurance upon it. It was also designed to prevent insurance companies from taking reckless risks in order to obtain large premiums, by advising them in advance that they would be held to the value agreed upon when the insurance was written. No company is bound to insure any piece of property without first making a survey and examination of the premises, and it is not compelled to insure the full value then; but having the opportunity to inspect fully before insuring, and then fixing the amount of the risk and receiving the premium based upon such valuation, it ought to be forever estopped in case of total loss from denying the valuation agreed upon, and such was the law long before the statute was enacted."

The State Court further continued its ruling in favor of the statute, and thus the valued-policy law comes before the Supreme Court for a determination of its constitutionality. The Orient Company was represented by Mr. Alfred H. McVey, with a most elaborate brief of 190 pages. The plaintiff, Mr. Baggs, was not represented. If questions asked by the court during the argument can be regarded as straws which indicated the direction of the judicial mind as well as wind, then we think the State law will be sustained—either as a rule of evidence or a law of liquidated damages, and not in contravention of either state State or Federal Constitution. The Court will not hand down its decision until in January.

UNREAL LIABILITIES AND SHAM SURPLUS.

Among the schemes which have been suggested for stopping reinsurance with foreign companies, none are so thin and deceptive as the invention of Commissioner Dearth, who, in his paper read before the National Convention, said:

> "Many of the companies are apt, and in many cases do, in the solicitation of business, lay a good deal of stress upon the fact that they have a very large capital and an immense amount of assets in the old country, and hold these up as an inducement for the citizens of the United States to patronize them instead of the Americans. Large capital stock as well as large assets are not necessarily an evidence of financial strength. It is the amount of net surplus which is the real financial test of any corporation; therefore, if the same test as regards the standard of solvency was applied in the home office statements of these foreign companies, as that which is applied to the Americans, it is safe to say that a very large majority of the companies would be very slow to refer in any way to the financial showing of their home offices."

In other words, if the Commissioner was allowed by law to put every foreign company on a Procrustean bed and stretch out the short while chopping off the long, none would have any advantage to brag about. Possibly that would be the result, but of its practical good there is very grave doubt. But as the Commissioner regards "actual" liabilities as necessary to "net surplus" it is well to see how "actual" the statute has made the liabilities of American companies. Turning to the New York statute we find that it requires:

"In estimating the liabilities"—not in ascertaining but, "in estimating the liabilities"—". . . there shall be charged . . . a sum equal to the total unearned premiums on the policies in force, etc." Is that charge a "real liability"? Is such a charge as a liability "true, genuine, not artificial, counterfeit or fictitious"? Not even Commissioner Dearth will venture to deny that the so-called "reinsurance reserve"—the "unearned premiums" are fictions of law, without real existence as a fund sacred to any purpose whatever, and known only to the law, in the making up of an account, which in any other bookkeeping except that of American insurance would be forcing a balance.

The premiums have been paid to the company and used in paying losses and expenses, or invested in assets. The so-called "unearned" part is a myth, a fiction, and a sham. The company is not liable to the insured for any part of it so long as the contract is in existence. Yet by law the fiction is given a sort of Dr. Jekyl and Mr. Hyde condition of both assets and liabilities for no other purpose than to fix "in estimating" the so-called "net surplus."

It is bad enough to handicap American insurance companies with a so-called "net surplus" artificially created by the use of a fictitious liability, and it would be well to relieve them from this simulacrum liability and permit them to "lay a good deal of stress" upon their capital and assets.

These remarks are made not with any expectation of ever seeing the fictitious liability of the law abolished, but as a protest against the extension of the evil of a sham liability to foreign companies instead of relieving American companies from a system of accounting which impairs their capital to the extent of the fictitious liability.

We are indebted to the Continental Fire Insurance Company for the copy of Commissioner Dearth's paper, and we do not know any company whose financial condition is more misrepresented by this fictitious liability than the Continental, with its $8,582,207 of assets, reduced by the fiction to "Surplus to Policyholders $4,117,995," when the fact is that every dollar of the $8,582,207 is the fund to indemnify policyholders, and the surplus is a mere statutory bookkeeping bagatelle. There is so little of a sham and so much that is real about the Continental that we are surprised at its circulating a paper which advocates embarrassing foreign companies rather than relieving American companies.

NO LEGISLATION WANTED.

However desirable it may be to break up the practice of rebating, we hope that the suggestion of legislation to make rebated policies void within any limitations will be promptly frowned down by the profession. The disposition to run to the Legislature for a remedy is something with which we cannot coincide. So far as insurance is concerned, the best government is that which governs least. From legislation has sprung all the embarrassments which hinder the business, and the press which, in every issue points out the mischief of too much legislation, ought to hesitate before urging a remedy which voids a policy. It will not be denied that such legislation "would greatly circumscribe the evil," as the *Standard* puts it, but such legislation would also circumscribe the business of life insurance. It was going very far when the State undertook to punish the insurance agent for doing an act which is perfectly legal in any other branch of trade; but to add to that legislation the further provision which punishes the insured by voiding the policy would shock public sentiment, and tend to drive men away from life insurance, and into building associations, which are already to some extent becoming rivals of life insurance companies.

We have never seen or heard any policyholder object to another policyholder receiving a rebate. The evil is confined to the agents, and ought to be remedied by the agents, and if they cannot find a remedy then the State ought to let rebating run its course by leaving it severely alone. The greatest good to the greatest number is seldom secured by legislation, and in this case, to void a policy because the insured secured it at less than the rate, would never be

enacted by any Legislature because the greatest number is those seeking insurance.

The more the State interferes with life insurance the greater will be the danger that the surplus of life insurance companies may be raided through legislation, and the best friend to the business would be the statesman who could entirely eliminate the State from all interference with the business. The duty of the insurance press, as we understand it, is to keep the State out of the business.

We readily assent to all that the *Standard* recommends to life associations and urge them to do all in their power to check rebating. But the proposal to wash the dirty linen in the State capitals is something we cannot approve. "If," says the *Standard*," local agents fail to use the means of protection against dishonorable practices thus offered them, it will be reasonable to conclude that the reports regarding the extent of rebating are based upon current talk rather than upon actual evidence." Hence, in the absence of such action by local agents, there would be little reason to call upon the State for action; and if the local agents avail themselves of the opportunity that will tend to stop the evil, and then there would be less reason to invoke the mischievous interference of the State. So viewed from any standpoint there exists no reason for an appeal for further legislation as to rebating.

PASSING COMMENT.

IN Washington city, according to the report of Assessor Trimble, there have been licensed Other-State and Country Fire Companies, 126; Life Companies, 68; Accident, Casualty and Guaranty, outside, 28; District, 17; total, 239. There are 21 Fraternal Orders licensed for the District of Columbia. Now what actuary can separate the wolves from the sheep? Or tell which can and will pay when losses come?

***

IT is with pleasure that we learn from Vice-President Alexander through the New York *Tribune*, that President Hyde is not so ill as has been represented. The attention given to the illness of this distinguished life underwriter, by the daily press, attests the great impression which his remarkable work in life insurance has given him. Outside of life insurance President Hyde has never undertaken to occupy the world's eye, but within his chosen field he has risen higher than any other man in all its history.

***

THERE can be no more striking contrast between premium paid and indemnity sold than appears in the insurance on the Home Life building, which the *Review* says "was placed at ten cents per $100 for five years, and therefore the cost of insuring the building for $350,000 was only $70 per annum." Another of those contrasts is developed in the "valued-policy" case now before the United States Supreme Court, where the premium was $40.50, the insurance was $2550.00, loss $800, plus all the attorney fees and court costs from Circuit Court, through State Supreme Court to United States Supreme Court. And yet we sometimes hear some things said about exorbitant charges of insurance companies.

***

VIEWS of Washington—we mean the *insurance journal* and not the photograph album with which every visitor is pestered to buy from his arrival to his departure—says that: "The office of Insurance Commissioner has evidently become a stepping-stone for political advancement. Insurance Commissioner Flancher, of North Dakota, becomes governor of that State. The former Insurance Commissioner of South Carolina, William H. Ellerbe, has been elected governor." But two swallows don't make a summer, and Insurance Commissioners McNall, Clunie and Payn are living exceptions to the stepping-stone rule of our contemporary. Perhaps those fellows are the exceptions which prove the rule, and their *descensus Averni* will find no regrets among insurance men.

***

THE devastation by storm along the New England coast brought very heavy losses to marine insurance companies, and have been followed by the great conflagration in New York which visited fire insurance companies with equally heavy losses. While insurance companies are designed to meet the consequences of such catastrophies, and will promptly reimburse those who are the victims, one cannot but regret that so large an amount of value is lost forever. Nevertheless such calamities are not without important lessons, and not the least of those lessons is that which ought to teach the public to understand its dependence upon insurance and the folly of embarrassing the business with unwise laws.

***

THE announcement in the Hartford papers that Vice-President J. C. Webster, of the Ætna Life Insurance Company, would retire from the executive staff on February 1st, 1899, will be a surprise to insurance men. It is not often that one who has risen by merit to high executive positions retires and returns to field work. Mr. Webster has been a very successful underwriter and manager, and his executive abilities have been conspicuous. He is highly appreciated among Hartford business men. He now returns to field work as manager of the Ætna's agency in New York, from which Mr. T. C. Hindman has resigned. His connection with the Ætna began in 1864, and has been continuous to the present, during which he has risen from local agent to vice-president. The best wishes of numerous friends will attend him in his new field.

***

THAT suicide is a "pernicious habit that obviously tends to shorten life" is a plea set up by the Northwestern Life Assurance Company, of Chicago, which must not be confounded with the Northwestern Mutual Life Insurance Company, of Milwaukee. The plea is filed in the suit of Mrs. Emily V. Hopkins, whose husband was insured in the Masonic Aid Association and transferred to the Northwestern Life Assurance Company, by an arrangement between the two companies. The Masonic Association's policy had no provision about suicide, but contained a provision against "pernicious habits that obviously tend to shorten life." But is suicide a "habit"? While it certainly tends to shorten life and may be "pernicious," it cannot be a "habit," except among cats with nine lives.

***

THE pen may be mightier than the sword, but the pencil of the caricaturist is no mean power in these days. The *Insurance Post's* "Dolce-farniente in the rebate compact" has the Speaker-Referee in excellent likeness, while Secretary Merrill sleeps amid the chopped-off heads of defunct agents. But we don't understand where or when the champagne bottle plays its proper part. Nevertheless it is an indispensable incident whenever other people's money is paying all expenses.

And right here we would say that the *Insurance Post* has hit the nail squarely on the head in its comments about the discriminatory law of Iowa—for whether that law is constitutional or not, so long as it remains a condition of admission to do business, it will be an effectual barrier to the companies.

***

INAPPLICABLE as we think was the use of the term "Communism" to life insurance, by Actuary Welch, his defender, the *Insurance Press*, has still farther transgressed the propriety of "correct terms" by saying that life insurance "is guided on the one hand by 'individualism,' and on the other by 'anarchy,' yea, by 'nihilism'"—Great Scott! Anarchy and nihilism guides for life insurance! It is not for us to discuss the *Press*' question: "If the Communistic principle has no place in life insurance, has individualism any"? Neither term, in our opinion, has anything to do with the business. But however that may be, we think that every friend of life insurance will equally protest against its guidance by either anarchy or nihilism or both, both united as captain and lieutenant, marching the company "now by the right and then by the left," instead of letting it go right on straight forward.

***

"OUR old friend, 'Disgusted Delegate,' has reappeared in the BALTIMORE UNDERWRITER, and is going at the National Association of Life Underwriters on account of its masterly inaction as to the practical reforms. Some papers have invited him to go to Elsewhere, but we hope that he will remain where he is, giving it to 'em good and hot. It is a weak cause that cannot stand intelligent and wholesome criticism like that of 'Disgusted Delegate's.' Enveloped in all the mystery of the late Mr. 'Junius,' he strikes out, and at the National Association, with good aim and much vigor, often accompanying his center shots with good-humored pleasantries which are very readable. 'Disgusted Delegate' is obviously no clod-hopper (whoever he may be), and we are bound to think highly of a man who can write intelligently on insurance topics without putting his readers to sleep."—*The Insurance Post.*

We extend to the *Insurance Post* our appreciation of the fair play which it gives to "Disgusted Delegate," whose purposes were only reformatory and corrective.

THE loss which overtook the Home Life Insurance Company, of New York, in the burning of its new building, whether fully insured or not, is one which every insurance man will regret. The building was unique in its construction, but rather high for safety, as the result proved. Too nigh to heaven, whatever it may be from a religious standpoint, is too near to destruction from the insurance point of view; the just medium will be better for the future. The recent style of building story upon story until the squirt limit of the fire departments has been passed ought to be forbidden by law. And until that reform is made fire insurance companies will do well to force the reform by refusing to write the sky-scrapers. Nevertheless we sincerely sympathize with the Home Life, for though insurance may save it from loss the interruption of its business and the inconvenience which will follow this fire will be very great. But the plucky Home Life will be all right in a very short time.

***

AT the December meeting of the Historical Club of the Johns Hopkins Hospital, Dr. C. C. Bombaugh read the principal paper of the evening on "Female Poisoners—Ancient and Modern." It was shown that while in ancient and medieval times the motives were traceable to revenge, illicit love, political intrigue, and removal of persons who stood in the way of ambitious and wicked projects, the instigation in recent times is based mainly upon mercenary greed. Hence the chief sufferers at the present day are the life and accident companies. Cases were selected to show their relations to important questions in medical jurisprudence, and especially forensic toxicology, and attention was called to the present unsatisfactory attitude of expert evidence, particularly the interested arguments of experts who are employed and paid as counsel. The remedy lies in making the position a permanent one in the State, with judicial appointments from the ranks of proved capability and scientific training.

***

IT is officially announced that General Manager J. N. Lane, of the Palatine Insurance Company, of Manchester, England, has recommended to the Board of Directors that Mr. William Wood, for some years Joint Manager in New York, be made Manager, and Mr. Wm. M. Ballard, heretofore branch secretary, be made Assistant Manager. The directors promptly accepted and adopted the recommendation. Mr. Wood has been connected with the present company since its arrival in America, and before that was in charge of the United Fire Reinsurance Company, which was merged into the Palatine in 1892. During all that time Mr. Ballard has been an able and valuable assistant. Mr. Wood has worked faithfully and energetically for the best interest of the Palatine, and it is due to his earnest effort that the Company has become one of the most prominent of the foreign corporations represented in this country. This was shown by the ratio of underwriting profit, 19.5 per cent. made in 1897, in which it stood second in a list of eighteen foreign companies, and of which the department under Mr. Wood's management did a large share.

That Manager Lane made a wise choice in these appointments every one on this side of the Atlantic will concede, and we look forward to still more successful results under the new managers. We congratulate Manager Lane on his selections, and Messrs. Wood and Ballard on their appointments, and trust that their future will make a brilliant chapter in fire insurance history. Surely their Christmas present was a good one.

***

THE prosperity of the country has, during 1898, to a very considerable extent increased the value of investments of all insurance companies, which increase of value will appear in their annual statements, swelling the value of their assets. That increase in the value of the assets ought not to be confounded with the profit of fire underwriting, with which it has nothing to do. While it strengthens the company it is no factor in the underwriting, and yet the increase in the value of assets may offset a loss in the underwriting. It is said by *The Review* "that the companies' earnings (in 1898) have been mainly on annual policies written in 1897, and term policies written in that year and in 1896, 1895, 1894 and 1893." And "as rates are averaging lower in 1898 than heretofore . . . company managers state that the present figures are inadequate to yield profits" and that the "profits soon to be displayed are not good evidence of a satisfactory condition of fire insurance affairs," and that the consequences of the low rates prevailing in 1898 will appear in the statement of December 31, 1899, rather than in those at the end of this year. If that is so there is no use for managers to begin "walking the floor" before 1900—for who knows what a day, much less a year, may bring forth. In the early months of 1898 the shadow of impending war, the duration of which was uncertain, cast grave apprehensions over all kinds of insurance, yet the war was fought to a finish with hardly a ripple on the surface of prosperity. That the fire insurance business is in "bad shape" may be true, but if so the responsibility rests only on the companies, for *The Review* adds "that the principal difficulty at the present time seems to be the lack of confidence in the good faith of one another." Surely that can be removed, and we believe it will be, and then the principal difficulty out of the way, pessimistic forecasts will be out of place.

***

THE Superintendent of Insurance in Ohio, Mr. W. S. Mathews, seeking information, writes as follows to all fire insurance companies doing business in that State:

"I want to obtain, if possible, some information regarding the practical workings of certain provisions of the laws of Ohio relating to the business of fire insurance. As your company has been doing business in Ohio for a number of years, and is, therefore, competent to speak from experience, I would be obliged to you if you would answer the following questions:

1. Has your company experienced an increased or decreased ratio of fire loss in Ohio since the passage of our valued-policy law in 1879, and about what per cent of increase or decrease?

2. Has the effect of this law been to increase or decrease rates in Ohio, and if either, about what per cent?

3. Do you think companies generally would reduce rates were this law repealed; if so, about what per cent of reduction?

4. State, in your opinion and from your experience, what effect this law has had in Ohio on the element of moral hazard in the business of insurance.

5. From your experience, what per cent of the fire loss, annually, in Ohio, do you attribute to the element of moral hazard?

6. What new law, or amendment to present laws, in your judgment, could be passed that would most tend to reduce this element of hazard to the minimum?

7. Has the valued-policy law controlled in any way the action of companies in insuring farm property in Ohio, and if so in what way?

8. Do you think the Ohio Legislature acted wisely when it passed the law prohibiting co-insurance clauses in fire insurance contracts?

9. Give reason for your answer."

It is apparent from these questions that Superintendent Mathews is loading his gun for big game, probably the valued-policy and the co-insurance laws. The questions asked are important and pertinent to the business and if answered squarely by the companies will develop much useful information derived from the business experience of a large number of fire insurance companies.

***

ON and after January 1, 1899, policies issued by the Mutual Life Insurance Company of New York, on the simpler forms, namely, ordinary life, limited payment life, ordinary endowment and limited payment endowment, will contain special features. These special features will be that after three years the policy will, in case of lapse, stand good for non-participating paid-up insurance, without exchange, and the policy will contain the figures showing the amount of paid-up insurance after any given number of years.

Each policy will contain an option by which in case of lapse after three years the policyholder can, within a given period, secure in exchange extended insurance for the full amount for terms of years of which the figures will be given in detail.

Each policy will contain a table of cash surrender values which can be claimed within sixty days after lapse, or at any time after all the premiums required have been paid, in the case of limited payment policies.

Each policy will contain a provision by which loans can be secured, within the limit of the cash surrender values, at the rate of 5 per cent in advance. In 20-year and 15-year distribution policies, the total amounts of loans obtainable are set out in detail—a most admirable provision.

Policies having first distribution periods longer than five years will provide for annual cash dividends after the end of the distribution period. Five-year distribution policies will receive distributions of surplus every five years as at present.

Each twenty-year and fifteen-year distribution policy will contain a list of options available at the end of the distribution period. The cash value figures on these two classes of policies will be larger than on other policies of like character, but of shorter distribution periods.

Thirty days' grace will be provided for.

Some additional minor changes will appear in the policy forms,

which on the whole will be considerably simplified. A copy of the application will appear on the third page of each policy. All these changes are in the interest of the insured, simplifying the contract, extending its benefits and offering greater inducements to those contemplating life insurance.

***

VICE-PRESIDENT WASHBURN, of the Home Insurance Company of New York, is not only a level-headed man but a most judicious adviser in matters of State policy, as regards insurance companies and their agents. Confronted by situations almost antagonistic, he has most conservatively advised how to meet both exigencies. The anti-compact conditions in Michigan and Ohio are not only different but they are almost contradictory; yet Vice-President Washburn complies gracefully with both, and neither State can regard the Home as indifferent or hostile to the views of its insurance department, for however much he may inwardly and mentally cuss and kick he outwardly and officially complies with all requirements. The Michigan agents of the Home he advises:

"Recent rulings of Commissioner Campbell in regard to the insurance law of your State render it necessary to revise the instructions heretofore given to our agents. While we have believed our arrangements entirely in conformity to the law, it would seem that they were not in accord with the construction placed upon it by the insurance commissioner, and we therefore desire to change our instructions. We have already purchased the rates made by the insurance bureau of the State of Michigan, which laws of the State do not interfere with doing, and we propose to continue doing the same. We have heretofore left our agents free to exercise their own choice as to sending their reports direct to this office or to the office of the inspector of the Michigan bureau. Hereafter all agents will send their reports direct to this office, in no case passing them through the office of the inspector.

"It has further come to our knowledge that some insurance clubs or associations in the State have adopted rules providing for non-intercourse between companies, purchasers of bureau rates and those not receiving them, and between those paying agents 15 per cent and those paying a larger commission. Such agreements we believe to be in violation of the law; and while we have never allowed our State or special agents to belong to any associations having such provision we have now to request all our local agents to withdraw from any association whose rules provide for non-intercourse with other companies. Your careful attention and prompt compliance with the foregoing will not only greatly oblige us but will relieve you from the penalties imposed for violation of the statutes."

And then turning to Ohio, he, with characteristic conservatism, meets the situation with the following counsel and advice:

"All our agents understand very distinctly that the Home has endeavored to comply with the statutes of the State, and we believe that it has done so strictly, and we are confirmed in this belief by the ruling recently published by Supt. Matthews in regard to the law of the State. Some things, however, are suggested to us by his ruling, of which we desire to give you the benefit. While the companies are prohibited by law from forming contracts or agreements in regard to rates, local agents are expressly permitted in their individual capacity to organize local boards for the proper management of the business in their respective territories. In many towns in Ohio such boards already exist, but where they do not it would seem to be for the benefit of the agents and for the insuring public that such boards should be organized, and while we have no instructions to give you on the subject we do not hesitate to express the opinion that you will find it a wise thing to agree with your associate agents in organizing such boards. The form or organization should be of the simplest, with as few rules as practicable. Should you desire any assistance in the organization of a board in your town, our State and special agents will be most happy to give you any advice in their power should you ask it, and we presume the same is true of the special agents of other companies.

"If you feel that you are not competent to judge yourselves without assistance of the value of risks, the statute provides that you may ask advice and receive it, and in this connection we would call your attention to the fact that Mr. Cochran of Columbus has had much experience in that line, and his assistance can be availed of by any association of agents that may feel the need of his services. Some of the local boards already established have provided a stamping system, which, it appears to us, is a direct violation of law. It has never received our sanction, and we now expressly desire its discontinuance so far as reports of this company are concerned, and whatever your practice may have been heretofore you will hereafter send them direct to this office. While we do not know it to be a fact, we are under the impression that some of the existing local boards have adopted rules providing for non-intercourse with agents not members of such boards. We believe that this is not in accordance with the law, and any such rule, if it exists, should be at once rescinded. While no action of any local board can be made legally binding upon the companies represented by the agents, and, of course, no company can be required to write on the terms which may be stipulated by such associations, the action of the boards will inevitably tend to the improvement of the business throughout the State, and we trust that the foregoing suggestions will be found available by all."

LOCAL MATTERS

THE National Association of Local Fire Insurance Agents is on record against overhead writing, and at its recent annual meeting renewed its antagonistic attitude toward the companies who obtain business in this form. We believe that the only member in Maryland of this body is Mr. Thomas E. Bond, of Baltimore, who has taken great pains to stop it, and has shown great energy in having the Association of Fire Underwriters of Baltimore place itself on record as opposed to the continuance of a pernicious form of obtaining business.

THE Maryland Casualty Company have made the following appointments: W. A. Todd, travelling auditor and special agent, formerly Philadelphia agent of the Union Casualty and Surety Company, of St. Louis; Chapman & Maitland, Denver, general agents for Colorado; Davis & Henry, San Francisco, general agents for Northern California; William Dieterle, Los Angeles, formerly agent of the London Guarantee and Accident Company, general agent for Southern California; J. L. Dunlap, Portland, Oregon, formerly agent of the Fidelity and Casualty Company, general agent for Oregon; Frank M. Guion, Seattle, Washington, formerly agent of the Standard Life and Accident Company, of Detroit, general agent for Western, Washington; McCrea & Merryweather, Spokane, Washington, general agents for Eastern Washington.

INSURANCE COMMISSIONER KURTZ has sent the following letter to all companies of other States and countries doing business in Maryland, in which he states that:

"The Collector of Internal Revenue for the District of Maryland informs this department that the Commissioner of Internal Revenue at Washington rules that Section 17 of the Act of June 13th, 1898, provides for and requires the affixing of a 10 cent Internal Revenue Stamp on all Companies' and Agents' Certificates of Authority issued by this Department.

"You will therefore be compelled to comply with this ruling and can, if more convenient to you, enclose said stamp or stamps for certificates when ordering, or this department will affix same and assess cost when bill is rendered."

AT the next regular meeting, to be held January 10, 1899, of the Association of Fire Underwriters, it is proposed to amend Article VIII in order to more fully define the duties and powers of the Board of Control. The sections to be amended are III and IV, as follows. The section as it is at present is in brevier and the amendments being in italics.

Amend Section III to read as follows:

Power to suspend any rate or rule of the Association at its discretion (*when such suspension of rate or rule is necessary in order to grant relief, as provided in Section II*).

Amend Section IV to read as follows:

Power to fine or suspend any member or broker who shall, without its written authority, violate or promise to violate any rate or rule of the Association: (*upon conviction, after trial as hereafter provided*).

THE Continental Fire Insurance Company of New York is the only company in all of its literature and advertisement who says: *Protects Its Loyal Agents—No Overhead Writing.* The non-appearance of its name among the companies in the first circular that was sent to the members of the Association of Fire Underwriters who had agreed not to write insurance over the heads of its agents was the cause of much talk on the street. The company had sent the blank to the Association signed, but it was not acceptable, on account of a local agent who resides at Towson, and who had the privilege of the company and its Baltimore agent to write new policies and renew his old business on city and suburban property. This was not satisfactory to the Association. The following letter from the company to its Baltimore agent will explain itself:

NEW YORK, *December* 8, 1898.

Dear Sir:—I have your letter of the 7th, regarding the overhead writing pledge issued by your Board of Underwriters. It was my understanding that certain risks in your city limits were written by the Towson agent under an agreement with you; that is, I understood that some of your suburban risks were within the corporate limits and that the agreement was that only your sub-agents could write such risks. It was for this reason and this reason only, that I made the interlineation; and if I am not correct, or this interlineation is not necessary, I of course will be very glad to sign the pledge unchanged.

I regret that I did not advise you of the facts when I signed, or, rather, that I did not return the pledge through your office, and I really do not know why such action was not taken. It must have been a mistake either of mine or the postoffice clerk—probably mine.

I hope that you will see that no injustice is done the Continental,

and that no list is distributed without our name being added. I certainly feel that an injustice has been done us, for our signature is practically what was asked for. We are a little careful about what we agree to do and not to do, and when we make an agreement we live up to it absolutely. There are a good many companies that will sign anything and then do whatever they choose to do later on.

I confirm telegram sent at 9.50 this morning, reading as follows: "Interlineation overhead writing agreement not necessary unless Towson writes occasional suburban risks in city limits; will sign without interlineation if this point is covered."

Since above letter was written the agent in Towson has been prohibited doing business in territory of Baltimore agent, so as to conform to the pledge as sent out.

INSURANCE COMMISSIONER KURTZ has made his annual returns to the Comptroller of Maryland, for the year 1898, in which he shows an increase in receipts over previous years. The remittance of the Department was accompanied by the following letter, which speaks for itself:

BALTIMORE, MD., *Nov.* 30, 1898.

HON. PHILLIPS L. GOLDSBOROUGH,
Comptroller State of Maryland, Annapolis, Md.

Dear Sir:—Enclosed please find statement of receipts and disbursements of Fee Account during my incumbency of the office of Insurance Commissioner, from December 1st, 1897, to November 30th, 1898, inclusive.

I am again gratified in being able to turn over to the State a further increase on previous years' receipts, both in respect to the Tax and License Account and the Fee Account.

In order to afford your Department a comparative statement of net receipts forwarded to the State by me during my administration, I will indulge in brief recapitulation and will take as a basis the receipts of the last year of my predecessor, so as the annual increment can be appreciated, and the fact will be observed that I have not only been fortunate in making the increase but adding increase upon it in each successive yearly remittance.

Net receipts for	1895	(I. F. R.)	$134,100 98
"	" 1896	(F. A. K.)	142,363 52
"	" 1897	(F. A. K.)	157,221 55
"	" 1898	(F. A. K.)	169,184 75

While it is encouraging to me to see this increase in receipts, I am nevertheless pleased to report that the expenses remain about the same; in point of fact my expenses for 1898 are $1000.00 less than my predecessor in 1895; expenses for 1896 and 1897 were $2000.00 less than those of 1895.

The increase of expenses in 1898 is due to a much enlarged report, it being twice the size of preceding one, and also the issuance of a preliminary report.

I shall be further gratified if, during the remainder of my term, I shall be enabled to continue this annual increase.

Yours very respectfully,

(Signed) F. ALBERT KURTZ, *Insurance Commissioner.*

THE cancellation by the Florida authorities of the license to the Fidelity and Deposit Company of this city has been rectified and the company reinstated in that State. The statement of the matter, which appeared in the *Insurance Herald*, did not embrace all the facts, which were that some time in the month of October, 1896, the Fidelity and Deposit Company of Maryland became surety upon the bond of S. Guckenheimer & Sons, of Savannah, Ga., in an injunction case, instituted in the Circuit Court of Citrus County, Florida. In April or May, 1898, the injunction was dismissed, and suit instituted against the Fidelity and Deposit Company, of Maryland, on its bond, Guckenheimer & Sons not being joined in said suit, as they are not residents of the State of Florida. On the 3d of November, 1898, a judgment was recovered against said company for $16,000, and a motion made for a new trial. This motion some ten days thereafter was overruled. On the 14th of November an execution was issued on said judgment, and returned *nulla bona*, as the Company had no property in the State of Florida subject to execution.

This proceeding was taken for the express purpose of laying the matter before the State Treasurer, of Florida, who has the power to revoke the license of a surety company when there is a judgment in said State against it unpaid and upon which an unsatisfied execution has been issued. This movement against the Company was taken for the sole purpose of forcing it to pay the judgment and cut off its right of appeal. Guckenheimer & Sons demanded that the company should carry the case to the Appellate Court, and has amply indemnified said Company.

On November 16 the license of said Company was revoked without official notice being given to it. After the supersedeas bond was filed the State Treasurer still insisted upon his position and refused to reinstate the Company. The Company then proceeded by mandamus to compel him to restore it to its rights and privileges in Florida. The court decided in favor of the Company, and it has now been fully reinstated in that State. The principle involved was whether a State could arbitrarily force a company, as a condition to its continuing to do business within its territory, to surrender its right of appeal which was afforded to all other litigants.

Messrs. Guckenheimer & Sons are prominent wholesale merchants, of Savannah, Ga., and their indemnity to the Fidelity and Deposit Company of Maryland amounted to over $1,000,000, with two sureties.

THE Association of Fire Underwriters of Baltimore City, under date of December 7th, sent the following notice to its members and brokers, saying: In accordance with resolution adopted by the Association of Fire Underwriters of Baltimore City on October 17, 1898, the following pledge was submitted to the companies represented by members of this Association, viz.:

"That it will not write, except through its agents, resident in Baltimore, any insurance upon property, that included in the schedules of steam railway companies excepted, situate within the corporate limits of Baltimore City, or in Highlandtown and Canton, adjoining it on the East. That it will pay no allowance or commission of any sort on such business except to such agent.

"This agreement to be binding so long as this Company continues to contribute to expenses of your Association."

At the same meeting the following resolution was also adopted, viz.:

"*Resolved*, That this Association earnestly recommends that all brokers, doing business under its rules, shall give the preference in placing business to those companies which shall give this pledge."

The following companies have signed the above pledge without reservation, viz.:

Aachen & Munich, Ger.
Ætna, Connecticut.
American, Md.
American, Pa.
American, N. J.
American, N. Y.
American, Boston.
American Central, Mo.
Agricultural, N. Y.
Armenia, Pa.
Associated Firemen's, Md.
Assurance, N. Y.
Baloise, Switz.
Baltimore, Md.
Boston, Mass.
Buffalo Commercial, N. Y.
Buffalo German, N. Y.
Caledonian, Scotland.
Cincinnati Underwriters.
Connecticut, Conn.
Commerce, N. Y.
Commercial Union, Eng.
Citizens', Pa.
Citizens', Mo.
Delaware, Pa.
Eastern, N. Y.
Equitable, R. I.
Erie, N. Y.
Farmers', Pa.
Firemen's, Md.
Fire Association, Pa.
Firemen's Fund, Cal.
Franklin, Pa.
German-American, Md.
German-American, N. Y.
German-Alliance, N. Y.
German, Md.
Glens Falls, N. Y.
Globe, N. Y.
Greenwich, N. Y.
Hamburg-Bremen, Ger.
Hanover, N. Y.
Home, Md.
Howard, Md.
Hartford, Conn.
Helvetia-Swiss, Switz.
Imperial, Eng.
Ins. Co. of North America, Pa.
Ins. Co. of State, N. Y.
Ins. Co. of State of Pa., Pa.
Lafayette, N. Y.
Lion, Eng.
London Assurance, Eng.
Lumberman's, Pa.
Magdeburg, Ger.
Manchester, Eng.
Manhattan, N. Y.
Maryland, Md.
Merchants & Manufacturers', Md.
Merchants', N. J.
Merchants', R. I.
National, Md.
National Standard, N. Y.
Netherlands, Holland.
New Hampshire, N. H.
New York Underwriters', N. Y.
Niagara, N. Y.
North British & Mercantile, Eng.
Northern Assurance, Eng.
North German, Germany.
Norwich Union, Eng.
Old Town, Md.
Orient, Harford.
Palatine, Eng.
Peabody, Md.
Pennsylvania, Pa.
Phenix, N. Y.
Philadelphia Underwriters.
Providence-Washington, R. I.
Prussian National, Ger.
Queen, of America.
Reading, Pa.
Royal, Eng.
Royal Exchange, Eng.
Scottish Union and National, Scotland.
Security, Conn.
Spring Garden, Pa.
St. Paul, Minn.
Sun, Eng.
Svea, Sweden.
Traders', Ill.
Union, Pa.
United Firemen's, Pa.
Westchester, N. Y.
Williamsburgh City, N. Y.

Since the above circular was distributed the only companies who have signed the above agreement are the Continental of New York, the Liverpool and London and Globe, and Millers and Manufacturers', Minnesota, so as to conform with the pledge as sent out. The following companies have not yet signed the pledge: Atlas, England; British America, Canada; Lancashire, England; London and Lancashire, England; Law, Union and Crown, England; Phœnix, England; Thuringia, Germany; Trans-Atlantic, Germany; Union Assurance, England; Western, Canada; Colonial, New York; English-American Underwriters; National, Connecticut; Phœnix, Connecticut; Pacific, New York; Rochester-German, New York; Traders', New York; Home, New York.

CORRESPONDENCE.

PREFERRED RISKS.

TO THE EDITOR OF THE BALTIMORE UNDERWRITER.

Ever and anon fire underwriters from a distance, and their agents in the Monumental City, are berating the Association of Fire Underwriters of Baltimore for what they declare the excessive rates on "Preferred Risks." Statistics are very instructive, especially in fire insurance. It would now be very desirable if eminent fire underwriters in New York and Philadelphia would contribute essays, demonstrating the profit on "Preferred Risks," and how it is proven that fire-proof buildings, at 10 cents per 100 less a commission, for five years, pays; and further, in view of recent immense losses on that class of risks, if "Preferred Risks" of very recent addition to the vocabulary of fire underwriters are correctly described. Will you, Mr. Editor, use your persuasive efforts in that direction to enlighten BALTIMORE FIRE UNDERWRITER?

[The above correspondent evidently realizes that the "Preferred Risks," in New York and Philadelphia, are not very tempting plums after a disastrous fire and where the loss has been almost total. We trust that no essays on "Preferred Risks" will come as the result of the fire in the Home Life building. The year is nearly at an end. Officers are now too busy preparing to make their annual statements, and the best essay they want to contribute at this time is increase of assets and surplus as the result of the year about to close.—EDITOR.]

THE LATE W. W. BYINGTON.

BALTIMORE, MD., *December* 6, 1898.

TO THE EDITOR OF THE BALTIMORE UNDERWRITER:

The death last month at Albany, N. Y., of William Wilberforce Byington, State Agent for the Mutual Benefit Life Insurance Company of Newark, N. J., for the State of New York, outside of the city, deserves more than mere mention. As is well known to your former editor and to other writers concerning, and students of, life insurance, Mr. Byington was one of the most accomplished and capable men in the profession. He was not only well informed and well equipped in knowledge of his profession but an excellent executive officer, as he proved by his service both as Superintendent of Agencies of the Mutual Benefit from 1880 to 1882, and as manager of one of its largest agencies from that date until the time of his death. An expert mathematician his statistical tables were always of great value and he could easily have supported himself as an insurance writer had he so elected.

It is however of Mr. Byington as a man and as a friend that I wish to write to-day. In the course of a business experience of over thirty years I never knew a man so loyal to his friends or who could command such loyal devotion from them. The secret of it was that he could not and would not do a mean or a dishonest thing, and demanded the same high standard from those with whom he was thrown. By treating every man as if he deemed him honorable until proven to the contrary he did much to bring men up to his own high level. Full of fun and frolic there was a certain boyishness about him all his life, but it was the genuineness of boyhood and made him a delightful companion.

Of decided literary instincts Mr. Byington, while a resident of Newark, N. J., was the leading spirit of a literary club, which included among its members the ablest and brightest clergymen, doctors, lawyers and other men of literary taste of that city, and he always held his own in the interesting debates which were a feature of the club. After he removed to Albany he was a member of the leading social clubs of that city and president of a club of amateur photographers, a subject of which he took great interest. He also organized and was for some years secretary of the Angler's Association of the Saint Lawrence river, an organization which did excellent work in preventing illegal fishing in that noble river. An expert shot and fisherman Mr. Byington loved sport more for the sake of the open-air life than for the game he was able to procure, and always despised any one who would fish or hunt out of season.

Happy in his domestic life, rejoicing in the love of his friends and the respect and affection of the officers of his company, he met death after a lingering illness fearlessly and bravely as he had faced all the fortunes of life.

"He had done more than this for me,
And yet I could not well do more."

Yours truly, HENRY P. GODDARD.

LETTER FROM NEW YORK.

AGAIN THE NEW TARIFF COMMITTEE.

This committee has had several meetings since my last letter, and street and office gossip has almost ceased, in expectation of an early publication of the complete report.

It appears to be generally understood that a compromise agreement on the main points in dispute has been reached. It is now only necessary to revise the whole work carefully, and decide on the exact form in which it shall be presented for acceptance.

The abnormal loss of the last few weeks seems to have had a soothing effect on the critics of the work of the committee, and has most effectually lessened the adverse comments of some of the smaller companies.

At the same time, in the office of a large Broadway company, the opinion was freely expressed that a patched-up agreement, made possible by concessions grudgingly given and based upon no fixed principle of rating, but perpetuating the inequalities and injustices of the present ratings, will be but a temporary settlement, and will be playing into the hands of the non-tariff, high commission companies, whose very breath of life is an unjust and unequal system of rating.

The good effect of the issuance of a report, that can be made the basis for a reasonable compact at this time, can hardly be exaggerated. The business is demoralized throughout the whole country. The attention of the cleverest New York brokers is fixed upon the problem of making up the loss of income in this city by insurances of out-of-town property. His methods, permits, and privileges to the assured, rates and his expedients generally, bode no good to either companies or country agents. His work is watched and imitated and improved upon by the brokers of other cities, and the sooner his attention is again concentrated upon his New York city business the better for all concerned. Every organization in the country is shaky, and no city would be more benefited by a tariff here than Baltimore. It may safely be predicted that before the next issue of your journal the results of the work of the "Committee of Fifteen" will be laid before the insurance world.

If the members of that committee are discreet they will issue their report immediately before the Christmas holiday, and extend the Christmas out-of-town vacations well into January.

GOSSIP OF THE TOWN.

Mr. Andrew Freedman has been appointed permanent receiver of the Lincoln Fire Insurance Company, of New York.

One of the accountants engaged on the case estimates that eighty per cent is all that can be paid to the creditors, if all assets can be realized upon. It is not likely that much of what is due for premiums will be collected. Law, receivership, and other expenses will come out of this eighty per cent. So that probably the creditors may get something.

On the face of it, it does appear that it should not be possible for those who are directly responsible for the wrecking of this company to escape without serious censure. Mr. Freedman's bond was fixed at $300,000.

Mr. Wm. Wood has been appointed sole manager of the Palatine Insurance Company for this country, with Mr. Wm. Ballard as assistant manager.

These appointments are thoroughly well deserved. Both of these gentlemen have been connected, first with the United Fire Reinsurance Company, with the Irving, and later with the Palatine, and whatever success, which has been great, this company has met with has been due to their efforts. Their continued success is looked for by friends.

The competition of outside liability insurance companies has reached such a point that a conference is to be held to-day, of the regular companies, in this city, and prompt action of some kind is confidently looked for.

Charles E. Shade and Manuel H. Elkin, of 51 William street, well-known insurance brokers and agents, made an assignment to-day for the benefit of their creditors, to Pandia & Ralli.

Two English companies, over the heads of their agents and at a cut rate, insured the entire property of the Roman Catholic Church in that part of Massachusetts west of the city of Worcester. Tableau! Verbal fire-works!! Howls for special taxation of foreign companies!!! The sooner a tariff compact is patched up in New York the better—then we can keep up our business without these lapses from grace.

Mr. Wm. Gow, the United States manager of the London Assurance

(Marine Branch) it is said, goes to Liverpool as manager of the Union Marine Insurance Company of that city.

The Suburban Tariff Association, at its meeting on the 11th of October, recommended that a reduction of 25 per cent of all rates, on specifically rated risks, under protection, should be made, to take effect on the 1st of December. This reduction has been made, but comparatively few policies have been sent in for cancellation. It is estimated that $200,000 in premiums will, by this move, be lost to companies.

The Price-McCormick-Hanover fight is still unsettled. It is reported that a meeting of the Hanover stockholders will soon be held to determine whether the company shall be wound up or continue in business. The officers of the company treat the matter unconcernedly, and think themselves safe.

Of course, the large Broadway fire, at Warren street and Broadway the other day, has stirred matters up, as the Home Life Building, one of the "sky-scrapers," was involved. The building seems to have stood the fire remarkably well, and when means are provided, as of course they now will be, for getting water to the top of the highest of these buildings, these "sky-scrapers" will be safe and good insurance. It is folly to talk of limiting the height of New York business buildings to 125 feet. These high buildings multiply the floor surface of the business part of the city many times, and new conditions as to water-supply, etc., will have to be made to meet the new circumstances.

The fire will not be an unmixed evil should it help some of the non-conforming New York companies to conclude to support any new, reasonable plan proposed for the formation of a new compact.

Much talk is heard of reinsurance of several companies before the first of January. A Liberty-street company, it is known, is seeking reinsurance, but nothing positive is yet known of others. A.

LETTER FROM ATLANTA.

The gentleman who labors over his correspondence from Shreveport, La., to *The Vindicator*, is a powerful long time learning his business. In endeavoring to give me a gentle rap for my article in Col. Young's behalf, written for this journal (which was copied in *The Herald*), he says, among other things: "Those of us who have been in the business for the past thirty years are still trying to figure it." Don't the gentleman think some other calling would suit him better? Thirty years is a long time to spend in endeavoring to figure out one occupation. He certainly was not cut out for the insurance business; farming is his trade. The Almighty did not intend a man to spend thirty years in learning a trade, when he only promises three score years and ten as our whole existence here. However, the gentleman doesn't intend to get lonesome in his figuring, for he consoles himself by saying "Us." I think he can take the distinguished honor of being the only man, in the insurance business, who has figured it for thirty years, and knows as little now as when he first started. He says I am wonderfully familiar with the slang of the day. He is not so bad himself, for he finishes his most magnificent article, which from the standpoint of English word-painting is a gem, by saying "Don't monkey with the buzz-saw." Now, for a man who has been so deep in thought for so long a time, he hasn't the time to spare to think of what other people write and say. I feel mighty sorry for a man who cannot accomplish *anything* in that time. It must be a labor of love with him. The gentleman need not refer me to the Major to get wisdom. Not only myself but many others have received able advice and assistance from him. A little lecture from the Major, on "Sunday-schools" and such other topics, would do the correspondent of *The Vindicator*, who hails from the city of Shreveport, a wonderful amount of good. The fact of the matter is, the gentleman in question is studying too hard. Too much study sometimes makes a man sour with the world in general. It has been known to work even more harm to mankind than this—it makes them light-headed at times.

Since the reduction in the Atlanta rates on dwelling-house property by the S. E. T. A., the citizens of Chattanooga, Tenn., have been somewhat wrought up over the fact that rates have not been reduced in that city on the same class of property. Chattanooga is not in the jurisdiction of the S. E. T. A. Rates are looked after in that State by the Kentucky and Tennessee Association, and at a recent meeting of this Association, which was held in Louisville, it was expected the matter of reducing the rates in Chattanooga would come up, but there was a conspicuous silence on this point. It is claimed by the Chattanooga people that they are being charged for the excessive losses of the Chattanooga district, and not for the losses that occur in Chattanooga proper. There seems to be an inclination to reduce rates all around the Southern field recently, and many of the cities who deserve a reduction will, no doubt, secure it.

It is with much pleasure to the property-owners of Atlanta—they hear from the announcement of the Tariff Association—that dwelling-house rates in this city will in the future be on a thirty cents per hundred basis instead of fifty cents as formerly, making a cut of twenty cents per hundred in that class of property. The Association has taken the right step after all, and in making this cut will receive the praise of many of its admirers that have been somewhat censuring them for the high rate charged in Atlanta on the property. Now that they have cut the dwelling-house rate here let the good work go on. Nearly every dwelling-house rate in the larger cities of Georgia is too high. The Association makes the announcement of this cut through stamping-clerk Haynes, of Atlanta, who issues a circular on the subject.

A bill will be introduced in the Georgia Legislature to reduce the insurance deposit required by the State, for every company doing business in Georgia, from $25,000 to $5000. It is needless to say that should this deposit be reduced it would be a very bad thing for the insurance interest of this State, from an insurance standpoint, though not to companies. If a company is not able to put up a $25,000 deposit with the State, it ought not to be licensed to do business here. It is to be hoped that the bill will not be introduced. The bill is said to have been introduced at the request of the Atlanta Home.

The Georgia Legislature is still in session, passing few bills but spending much time in cutting down appropriations and salaries, and drawing their $4.00 each per day. No insurance bills of any importance have yet been introduced, much to the pleasure of the companies and agents of this State. Now if some able representative would like to do this grand old State some service he would introduce a bill repealing the Venable insurance law. This is by far the worst piece of insurance legislation that remains upon the statute books of the State. It allows every little Mutual or "No Capital" company to operate in this State through a broker without putting up a cent's deposit with the State. The very best evidence of the bad effects of this law was recently a fire which occurred in a neighboring town to Atlanta, at which time a large factory was burned. One of these companies operating under the Venable law had some fifteen to twenty-five thousand dollars worth of insurance on the property. When the insured called for proofs for filing loss he was unable to locate anything or anybody connected with the company in question, and even the agent or broker (as he was termed) could not tell anything about them, save their address. This loss has never been adjusted nor never will. It was simply robbery, and the Venable bill gave the robber his chance. If some good man would introduce a law to wipe this bill off the books of the State he would do his State a service like unto none that will be done at the present session now sitting.

All companies doing business in this section are pulling for business to round up the year with a handsome increase. In most instances nearly every company in this section will have an increase in business, and from a fire insurance standpoint there will be much profit, though you couldn't get any of them to admit it. Nearly all of the life insurance companies have made increases, and the effects of the war did not seem to decrease business in this line of insurance. The accident insurance boys as a general rule keep up about the same pace. It is writing new business with them every time a premium is due. It is almost as hard for them to get a policyholder to renew as it is to write him a new policy. They generally get a new man every time an old one drops out—they play the game of "Peter and Paul." Nevertheless, they all look cheerful and happy. Why, they are talking about organizing a State Association of Accident Insurance Underwriters. A merry lot they would be.

A unique notice appeared in the Lexington, Ga., *Echo*, a weekly paper published in that city, which article seems to come from the President and Secretary and Treasurer of The Farmers' Mutual Insurance Co., of Oglethorpe county, Ga. It runs something like this: "The value of property insured by this company having run below the constitutional limit of $50,000, notice is hereby given that no more losses will be paid by said Association. Members owing on past assessments are requested to pay within the next thirty days, or claims will be placed in hands of attorney for collection. (Signed) J. W. Tiller, President, A. S. Rhodes, Secretary and Treasurer."

Now this is a fair sample of these little fake mutual fire associations operating and swindling the farmers of Georgia.

The new Prudential building, quite the handsomest structure in Atlanta, being thirteen stories high, built of steel and stone, is now completed, and tenants are fast moving in. This building is a credit to the city of Atlanta, covering as it does half a block. It was named after the Prudential Insurance Company; this Company's Southern offices will be in this building.

By the good management of the officers of the S. E. T. A. all these rate-war scares that were looming up in many of the cities and towns in Georgia have quieted down, and everything looks as peaceful as a spring day. The Southeastern Tariff Association is a big Association. It has many knotty questions to solve, and many people to please and satisfy. There are questions confronting the Association officers daily that are of great interest to the people, and to satisfactorily carry on this large amount of business each year is no little task. Of course no one will deny that there have been mistakes made by the Association. The gods themselves make mistakes. Then why not Association officials? Now we always try and keep at peace with these Association fellows. They have a "powerful" lot of influence, and when an insurance man, who desires to look to the future for success, tries to run against them, he's struck a proposition. Being somewhat desirous of future success in the insurance line, I have always tried to pick out the good things done by the Association, and write about them. I'm not looking for trouble, but I've been taxed. Not my pocket-book, but patience. I just can't sit down and see these companies, who are paying the consummate little sum of fifteen per cent for their agents to work themselves to death to secure business for them, come in here and write right over the heads of these agents all the large risks which he would otherwise get—not at the same rate, but a better one, and then not say a word. Gentlemen, this is a powerful question to the agents, and the Association as well. You two bodies can't get together right until you have some remedy for overhead writing, and the apparent high rates that are being charged for insurance on property in the Southern states. The Association officers are excellent ones, and they are satisfying every one in their official duties. Surely they must realize that they have these problems confronting them now. That they will solve them when they get at them is without saying. But how long, Oh! how long, before they will begin to figure. The Association which is the friend of both company and agent should figure this question out. X. Y. Z.

THE COMPANIES.

THE MARYLAND CASUALTY COMPANY.

INTERVIEW WITH PRESIDENT STONE.

President Stone, of the Maryland Casualty Company, has been absent for about five weeks in the West as far as the Pacific Coast, looking over the field with a view of entering his company for business in the different States. Mr. Stone is a close observer of the operations of the business in which he is engaged, and looks personally after the appointment of each general agent. When he fixes his eye on the man he wants, he is usually successful in making a contract and securing valuable services.

There have been so many criticisms of the course of the Maryland Casualty and the conduct of its officers by its competitors in the business, that we have taken the liberty of interviewing Mr. Stone for his views of the situation, and we feel sure that those engaged in the Casualty business will read what Mr. Stone has to say with very marked interest, and give him credit for his frankness in answering the questions propounded to him.

What States did you visit on your trip, Mr. Stone?

I spent a little time in each of the States of Colorado, California, Oregon and Washington.

What did you find to be the general condition of business in Colorado?

I gathered the impression, during my very brief stay, that the industry of gold-mining has received a very great impetus in the last year or two, probably due to the defeat of the silver advocates. The mining community there have been compelled to turn their attention to gold-mining, and this has resulted in the discovery of some very valuable gold properties, as well as to the working of mines that heretofore had been considered chiefly in the light of silver properties, for the purpose of getting out the gold. There have been great improvements very recently in the methods of obtaining the metal from the ore, which have reduced the cost to such an extent that mines that had been abandoned as unprofitable properties are now being worked to very great advantage. People in Colorado are very hopeful of the future, and look for a great development of that State. We are disposed to consider Colorado strictly as a mining State, but as a matter of fact the extension of irrigation systems is making it a very productive agricultural section, and they are raising some of the finest fruits and vegetables there that can be found anywhere, and doing it in large quantities.

What is the situation on the coast?

To a very great extent the same conditions apply to California and Washington that I have just alluded to in reference to Colorado. Southern California, as every one knows, produces the finest fruit that any one section of the United States produces. There, they are extending their irrigation systems, and although the last eighteen months have been without a drop of rainfall, yet the people are very confident of the future of their section. The towns are growing; new towns are being built, and immigrants are coming in and taking up ten-, twenty- and thirty-acre farms, which are being irrigated and changed from unproductive sage desert into orange, olive and other orchards. In the mining sections of the State I find that the old refuse dumps of '49, and other early periods, are being worked over profitably, because of the recent improvements in processes by which very low grades of ore can now be worked to advantage. The discovery of new mines, many of which are valuable, is constantly going on in Eastern Washington and Northern Idaho. The extensive forests of magnificent redwood, fir, pine, and other classes of timber in Oregon and Washington, are being turned into lumber; railroads are extending through those districts; and in the valleys of the Columbia, Spokane, and other rivers in those States, a splendid class of farmer settlers is constantly increasing and changing those sections from unused and unproductive land into the finest class of wheat and fruit farms.

It is, of course, hardly necessary to call attention to the great value that the acquisition of the Hawaiian and Philippine Islands will probably be to the Pacific coast. Seattle is nearer to the Alaskan, Asiatic and Siberian ports than any other of our Pacific ports, and will naturally get the bulk of that trade. There is a very hopeful feeling all along the coast, from Los Angeles to Puget Sound, and if they can avoid having a "boom," and will content themselves with the healthy development, which will come rapidly and to a very considerable degree, there is no question, in my judgment, that that section of our country will, in the next few years, witness a marvellous growth of a permanent character.

Was your trip simply with a view to relaxation and general information, or was it more particularly for business reasons?

The purpose of my trip was to investigate general conditions, with a view to determining whether or not it would be advisable for me to locate agencies for my company out there.

Did you succeed in securing agents where you desired to place them?

Yes, I feel quite satisfied, so far as one can be until results are obtained, with the class of men whom I have appointed as agents. Most of them have been representing our competitors, but resigned those companies to take ours. They, therefore, have experience in the business; they know its dangers as well as its possibilities, and in view of what I have just said to you regarding the general industrial and commercial prospects, I believe that our class of business in that section will, in the next few years, increase very considerably, as it naturally would do, if my expectations in a general way are realized.

How about liability insurance rates on the coast?

I was very much gratified to find that the companies in the Conference are not doing any cutting at all out there, so far as I could learn after diligent inquiry. This, of course, renders the business more profitable, and I have instructed our agents there to adhere to our manual rates, which are the same as those of the Conference Companies, unless those companies inaugurate a cut.

But is not your company offering cut rates where it is operating in other sections of the country?

No, we are not *offering* cut rates; in fact we started out in this business, just as I have started on the Pacific coast, to maintain the manual figures. In the course of our organization we have taken away from the conference companies a number of their best men. As a natural consequence, we have gotten some of their best business. They began cutting rates to hold it, and we were forced, in self-defense, to meet their cuts.

Since you have alluded to the competition between your company and those in the Conference, have you any objection to giving me your views regarding the situation of your company, as compared with those in the Conference?

Well, I don't know; our company has said very little for publication. It is not my policy to conduct my business through newspaper articles, but if you have any specific questions to ask I will try to answer them.

Well, then, I have noticed in some articles, probably inspired by conference managers, that your company is accused of inexperience; is such an accusation correct?

Perhaps I can best answer that by saying that our entire Home office force and our agency staff, with one or two exceptions only, is composed of picked and trained men who have come to us from our competitors. They have lost these men, with their valuable experience, and we have gained them. In some cases they have replaced

them with green men; and I am told that recently they have constituted their agents (many of whom, as I have just said, are inexperienced) in various places into "Local Boards," with power to rate risks, in order to meet our competition. I would ask you, in the light of this, who has and is using experience as a guide, they or the Maryland?

But they claim to use the compared records and experience of a number of companies, in order to arrive scientifically at rates and rules. You have nothing like that, have you?

We feel that we have the results of such records and experience (the value of which I fully appreciate and do not for a moment attempt to decry) in the published manual, with the amendments that from time to time are added to it. This information is immediately accessible to us; and we add to this the experience of our various agents, which I consider of more value than the statistical information, as it enables us to gauge each particular risk on its merits, and in the light of its own surroundings and history, in case we are compelled by the competition of the Conference Companies to make any concession on the schedule rate. On the other hand, they have practically discarded their rates, rules and comparative experience, and to my certain knowledge have written risks in numerous instances at figures we would not accept, and have taken risks that we would not assume.

I observe, however, that Capt. Masters, of the "London Guarantee and Accident Company," is quoted in a recent article in the *Finance and Insurance Chronicle*, of London, as saying that they have only departed from their rates and rules when necessary to defend their business from demoralizing outside competition. Is that true?

That may, or may not, be true; but if their claim, to which they have given the widest publicity, and which they have used as their strongest weapon against us, is true, *i. e.* that *any* departure from their rates means the writing of business unsafely, how can they justify themselves in such departures, even to meet outside competition? If their statements are true, they are, in meeting such competition, stultifying themselves.

Yes, but you know when a new competitor enters the field and begins conducting a fierce fight against older companies they are very apt to feel that they are justified in retaliating, even though it does hurt themselves. Isn't it so?

That might be well enough if we had entered this field in such a way as to bring about a fight; but that was not the case. This business has grown the last few years at the rate of one-half millions of premiums each year; this from the liability branch alone. Our company writes, as you know, personal accident, plate glass, boiler and sprinkler leakage insurance in addition. We felt that in such a constantly widening field there was room for a new company, and we embarked in the business fully intending, as I have before told you, to maintain rates and conduct our business in a conservative, dignified, yet thoroughly progressive, manner. We are not warring with anybody; we are attending strictly to our own business and saying as little as possible. If there is any war, I feel that the Conference Companies are the warriors; and that if there is any trouble it is of their seeking, and not of mine.

I am told that the Conference Companies have invited you to join them, and that you have declined; is that so?

Partly so, and partly not. I have never declined to join them. They approached me last April with an invitation to join them, but at that time my company was hardly a month old; we had no organization; and it would have been manifestly unwise for me to have tied up with older competitors whose machinery was built, whose agencies were planted, and who were thoroughly familiar with all the minutiæ of procuring and writing business to the best advantage. I would simply have been bottled up! I told them, what I have no objection to repeating now, that I think the general idea of the Conference is wise; and that I expected to become a member of their body just as soon as I could see my way clear to do so. I suppose they jumped to the conclusion that my idea was to get the business on my books, and that in order to do so I intended to cut and slash rates. I judge this, because they immediately commenced cutting rates against the Maryland. As a matter of fact the rate question was only one feature, and by no means the most prominent, in my mind; the features of organization and other details of management were what particularly led me to hesitate, and if the Conference Companies had permitted the status then generally obtaining to continue, the chances are that I would have by this time been ready to join them, as my own organization is now nearly completed. But they have, very unfortunately for me and for them, precipitated conditions that have resulted in very grave disturbances and confusion wherever our company has become a factor; and there is very little encouragement for me to join them now, unless I could be assured that their methods will be very radically reformed. One of the gravest results of what I consider their unwise action, is the fact that it has enabled them to cut each other's throats. Instances are numerous in which the Maryland has not been a factor, either knowing nothing of the expiration, or declining to compete for other reasons, but in which they have cut each other's rates, and then put the blame on the Maryland, stating that they had to do so to meet us. You will readily see that this has produced jealousy and duplicity between themselves. If they cannot keep faith with each other, there is not much encouragement to me to expect that they will keep good faith with the Maryland.

Their agents and solicitors use as one of their arguments against you that you cannot survive in competition with them. How do you feel about that?

Perhaps I can best answer that by saying that the Maryland is ready now to submit to any impartial insurance man, or men, a comparison of its assets, investments, liabilities, risks, unadjusted claims, methods and all other details, alongside of theirs. We believe the result will show that we will boil down the biggest chunk of clear assets and that we will show the surest prospect of survival.

Does not this very active rate-cutting, with which you charge them, tend to reduce the business that is being written by the agents you have taken from them, and to discourage such agents?

It would naturally have such a tendency if my agents did not know that this is a part of their plan, and that they are systematically endeavoring to punish those agents for leaving them. No American citizen, who is worthy of the name, will wear any man's "collar"; and when a company feels that its agents are its chattels and must be punished if they have independence and manhood enough to make a change, it makes the gravest kind of a mistake, and usually finds that its weapon is a boomerang. Our agents are satisfied with what they are doing, and I am very well satisfied with them. We are getting along nicely together, and neither of us have any forebodings for the future.

Can you explain why the Conference Companies have made such a hard competitive fight against you, when they made no effort of this kind, at least openly, to fight other outside companies?

Well, now, you had better ask them that question; I, of course, cannot answer. I have only to say that they have rendered me a very valuable service in giving the Maryland a good deal of free advertising, and in convincing the public that we are worthy of being considered by them as a very earnest competitor, against whom they must put forth their best efforts. While this has been an unintentional service upon their part, it has been none the less helpful to us. It has really been a little amusing to me to observe the manner in which they have become perturbed. They remind me somewhat of the little boy who "sees things at night." We won't hurt them, and we don't even want to frighten them. They have made of us a great big bugaboo, at which they all pretend to be frightened. As a matter of fact each of them in turn uses the "bugaboo" to frighten the others. Still, I do not suppose we will, any of us, ever understand why it is that some old ladies become very hysterical, and are sure there is "a man under the bed," when there isn't a man within a mile of them.

TWO GREAT LEADERS.

In a very interesting essay on "Life Insurance Fifty Years Ago," in *The Independent*, President Richard A. McCurdy pays the following splendid tribute to Messrs. Frederick S. Winston and Henry B. Hyde:

"A turning point in the history of mutual life insurance in America was reached June 8th, 1853, when Frederick S. Winston was made president of the Mutual Life Insurance Company, of New York. For the first ten years of its activity it was directed by gentlemen chiefly engaged in other commercial business, who made it an incident of their work, and the amateur spirit pervaded the management. Mr. Winston himself was at the time a prominent merchant, but had for seven years been one of the most diligent trustees, giving close attention to the detail work of the committees; and had formed a conception of its possibilities of future growth and influence far beyond the comprehension of most of his colleagues. At the time of his election his business was prosperous. He had fully determined to withdraw from mercantile business and devote himself exclusively to the company, but within a very short time after he assumed the presidency a mercantile panic occurred and the firm with which he was connected failed. Mr. Winston immediately resigned his presidency, saying that although it had been his intention to withdraw from all other business in order to give himself exclusively to the company, yet he feared that the failure would impair in some minds the moral standing of the company, and he could not consent to impose upon it in any degree the apparent strain of his mercantile failure. The trustees unanimously refused to admit this argument and insisted upon his retaining the presidency, and from that day throughout his life he had no connection with any other business than that of life insurance.

"His sagacity and energy soon stamped his personality upon the entire organization and pervaded its work; and a period of rapid development began, such that when in 1885 he ceased at once to work and to live, the institution with which he was so long identified had become the foremost of its class in the world. When his presidency began its total funds were $2,06,6049; when it ended they were $103,876,178; an achievement at that time unparalleled in financial history and largely due to the peculiar endowments of one great man. The dignity, breadth of view and personal ascendency of a single

character have rarely accomplished more completely the precise work or which he seemed to be destined.

"Mr. Winston, though the first, was by no means the only individual force to exercise a commanding influence in shaping the new social and financial institution of life insurance in America. The first general agent of his company to achieve a national reputation in spreading the principles of mutual insurance was Henry H. Hyde, of Boston. His son, trained as a clerk in the office, showed at an early age an originality and energy which could not long be satisfied in a subordinate position, and in 1859 he founded the Equitable Life Assurance Society of the United States, gathering to his support a large body of associates of high moral, intellectual and financial resources. This company, in the short space of less than forty years and while its founder is still at its head, has become one of the noblest monuments of wisdom, perseverance and permanent usefulness which modern civilization possesses. To the phosphorescent genius of Henry Baldwin Hyde is due not only its conception, not only the unremitting, intelligent and impulsive labor with which it was established, but the constant supervision of its affairs throughout its history. Always surprising by the novelty of his methods and indomitable in the vigor and mastery with which they were prosecuted, his influence has been felt upon the business at large in a degree second to none, and the vast changes which its entire organization and management have undergone during the last generation have resulted, in a degree which few as yet appreciate, from innovations made by him.

> "'From age to age some soul divinely great
> Mounts o'er the level of our poor estate;
> And mindless of the confluent tides that gave
> Its grand preëminence to that crowning wave,
> We mark its period; and re-date old time
> By the accession of that force sublime.'

"If this were a history instead of a memorandum, other memorable names of the living and the dead might, of course, be mentioned as of high importance. The work of William H. Beers in building up the New York Life Insurance Company from insignificant beginnings to enormous proportions, and that of Elizur Wright, who first devised the curious medieval methods by which the State Governments now pretend politically to regulate the most scientific and difficult branch of finance, come at once with many others conspicuously into our thoughts. But the two men whose personality is more deeply and lastingly felt in the whole field of American life insurance are unquestionably Messrs. Winston and Hyde.

PERSONAL.

By the fall of the elevator in the building at 46 Pine street, New York, Walter H. Griffin Secretary of the United States Fire Insurance Company of New York was instantly killed. He had been attending a meeting of the directors of the company, and coming down in the elevator was crushed to death by the balance weights. Mr. Griffin was 35 years of age, and leaves a young wife to whom he was married about a year ago.

Insurance circles lose a particularly bright member in the death of Mr. George Monroe Endicott, who since 1872 has held a prominent place in insurance affairs in Boston; for several years a member of the firm of Endicott & Macomber, which represented a very large aggregation of companies and did a very large business. In 1866 the firm introduced liability insurance to the country, and represented from that time until 1894 the Employers' Liability. At the dissolution of the firm in 1894, Mr. Endicott retained the management of the Employers' Liability. He leaves a widow, three daughters and a son.

George W. Wensley, Manager of the Manchester Fire, and President of the American Fire Insurance Company, of New York, died on the 5th inst., rather suddenly at his home in Brooklyn. As an underwriter Mr. Wensley enjoyed a wide reputation for ability and indefatigable industry. His insurance career began in the National Fire Insurance Co., of New York, and he represented that company in Chicago for three years, and then went to the Norwich Union, and later was made manager of the Manchester. It was mainly due to Mr. Wensley's efforts that the stock of the American Fire was purchased by the Manchester, and the two institutions run under his supervision and control. He was a widower without children.